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The Truth About Grain "Gambling"

By James E. Boyle, Professor of Rural Economy, Cornell University

Talking to Bethlehem's New Partners

By Eugene G. Grace, President, Bethlehem Steel Company

Things to Tell Your Men

The First of a Series on Economics in Homespun, by George E. Roberts,
Vice-President, National City Bank

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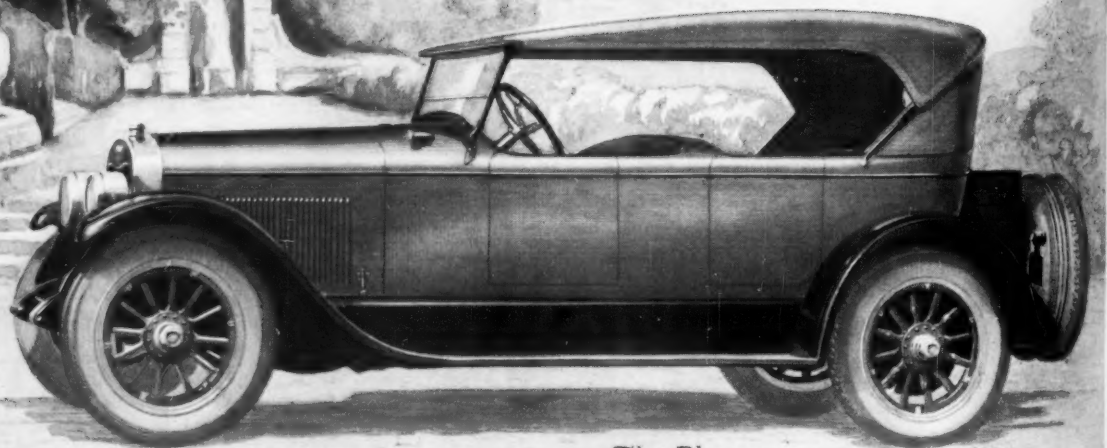
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The NATION'S BUSINESS

VOLUME 12, NUMBER 6

JUNE, 1924

A Magazine for Business Men

The Truth About Grain "Gambling"

By JAMES E. BOYLE, Ph.D.

Professor of Rural Economy, Cornell University

(In Two Parts—Part One)

"GAMBLING in foodstuffs" is the name commonly used by some of our Congressmen in describing future trading in grain, coffee and sugar. This name for future trading also reflects quite accurately the popular state of mind on that subject. That this misconception is so widespread and persistent is due to the fact that only the spectacular and dramatic features of future trading have been reported by the press, and only the prostitutions of it by the underworld of the market have kindled the imagination of the readers.

Evidence is abundant showing widespread interest in this subject coupled with almost universal lack of understanding—much feeling, little thinking. Thus, a few months ago when sugar the world over was rising in price, our Federal Government began an injunction suit against the New York Coffee and Sugar Exchange to free the "American breakfast table" (it was announced) "from the control of pirates and bandits," and to bring down the price of sugar. The courts finally threw out the suit and long before this the price of sugar had dropped of its own weight. Shortly be-

fore this event the Federal Government had investigated future trading in wheat because the price seemed so low. Future trading was thus a scapegoat for high and low prices.

Some skilled budget expert will perhaps calculate for us in due season just how many hundreds of thousands, perhaps millions, of dollars our Government has spent investigating this one subject. Since the Industrial Commission Report on this practice, in 1900, down to the very latest volume on the subject (issued in August, 1923) by the Federal Trade Commission, there have been issued by our Government literally tens of thousands of pages of testimony, hearings and evidence, findings and conclusions. One typical sidelight on this phase of the question consists of these two incidents: in 1917 when "wheat was too high" (for the consumers), the Government conducted a joint investigation by the Bureau of Markets and Federal Trade Commission, costing some hundreds of thousands of dollars. And then in 1920 when "wheat was too low" (for the farmers) another costly investigation of the same subject was made by the Federal Trade Commission.

Economists Uphold Futures Trading

ONE outcome of these thirty years of investigation is our Grain Futures Act (passed in 1922; upheld by the Supreme Court April 16, 1923), which gives at last the high sanction of all three branches of our Government to the free and liberal use of future trading by speculators and non-speculators alike, subject only to governmental surveillance.

Is it necessary in this connection to refer to the long-drawn inquiries into future trading made in Vienna and Berlin some thirty years ago?

The German law of 1896, prohibiting future trading, caused a flurry in Berlin—only it did not stop future trading. And very soon thereafter the legal status of future trading was restored by the German Gov-

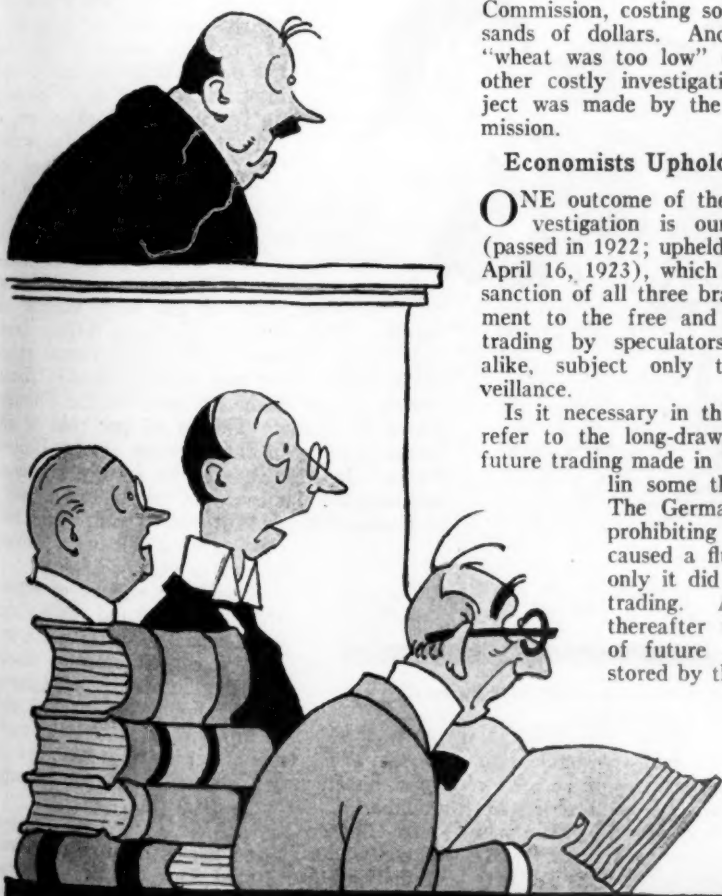
ernment. Which is right, the scientific view or the popular view of future trading? Political economists the world over, holding the scientific view, uphold future trading. Thus the following German economists are among those who defend the practice: Schmoller, Cohn, Conrad, Lexis, Fuchs, Flux, Ruesch, Kohn, Wermert, Jöhlinger and Bunzel. English and French economists quite generally hold to the same views.

Among the many American economists who believe in future trading the following names may be selected at random: Ely, Hadley, Emery, Carver, Farnham, Fairchild, Adams, McCrea, Johnson, Usher, Young, Copeland, Fetter, Bullock, Mitchell, John Bates Clark, Seligman, Riegel, Huebner, Irving Fisher, Kemmerer, Converse, Ivey, Hibbard, Macklin, Ise and many others.

The popular view, however, is that future trading is speculation; and speculation is gambling; and gambling is an unmitigated evil, producing manipulations, corners, bear raids, looting of the producer, gouging of the consumers, bucket-shop scandals, suicides and general all-round wickedness and confusion.

What is truth and what is error in all this wholesale discussion of future trading? The following statement of facts is an attempt to set forth briefly both the good and the evil in this great modern economic institution—future trading on the organized exchanges.

Future trading means the making of a contract to buy or sell some commodity; delivery to take place in the future; the time of de-



Before the investigation was well under way, sugar collapsed of its own weight

livery and the price both being stated in the contract.

Dealing in futures thus means dealing in contracts. There are no "options" about it. Selling May wheat, for example, does not mean selling wheat, but only wheat contracts. If this point is not clearly understood about future trading, then nothing is clearly understood about it. This is the *pons asinorum* of the subject.

The particular problems in future trading which bother the layman most are the following: gambling; large volume of futures; price fluctuations; short selling; manipulation; corners. These will each be considered in turn before examining the two real functions of futures—the hedge and the price barometer—and the evils actually inherent in the system.

1. *Gambling*.—A doctor one summer day steps into an office in Buffalo, the sign on the window of which indicates that it is the branch office of a member of the Chicago Board of Trade. December wheat is marked on the blackboard at one dollar a bushel. The doctor puts down his check for five hundred dollars and buys 5,000 bushels of December wheat (that is, wheat contracts). The \$500 is a 10 per cent margin to "protect the trade" should the market drop.

The office wires the order to the Chicago house, and it is there instantly executed in the wheat pit. A week later December wheat is up five cents; the doctor orders his trade closed (that is, his contract sold out). The office returns him his \$500 plus his \$250 profits, minus the commission, which is one-fourth of a cent a bushel for the "round turn," or \$12.50. This typical case illustrates the amateur speculator, taking the bull side of the market, putting up the usual 10 per cent margin, and realizing a profit by his venture.

He did not intend to take the actual wheat when he bought the December wheat contract.

Was he, therefore, gambling—merely betting on the rise in price?

The answer is, he was speculating, but not gambling.

In the bucket shop (few are now left in the grain trade) the customer does make a bet pure and simple, on the difference in price. There is no store of wheat in any elevator back of his deal; his trade is not executed on any grain exchange where there is real grain. He is "trading in differences," not "trading in contracts." Any two men can get together any place and conduct such betting.

But with the doctor used in the illustration above—the real speculator in grain—the trade was actually executed on the floor of the grain exchange, and then and there became a contract calling for real grain. And nothing is more certain than the fact that this contract not only calls for but also will get the real grain if it is permitted to remain open till the delivery month arrives.

For instance, there was the so-called May squeeze in Chicago in 1922, which did cause some inconvenience and loss to Minneapolis and Kansas City millers, and which was engineered by a Mr. C. (we will call him for short), a well-known and familiar operator on the Chicago Board of Trade, a heavy and reckless speculator—or, as some would say, "gambler."

Mr. C. had bought considerable May wheat.

This means contracts for wheat which the seller may deliver any time during the month of May. Mr. C. kept his contracts open, evidently expecting the price to work upward, particularly since he had bought so heavily and the supply of wheat in store in Chicago available for delivery was a little short. It looked to him like a "squeeze" wherein he could force prices up by competition among buyers of this grain, then sell out at a big profit.

But the Board of Trade had learned by its experience in the 70's and 80's how to deal with a squeeze of this kind. It has at least five separate rules on the subject, and one of these rules—the carlot delivery—was invoked on this occasion. Grain can be delivered in cars in the switching district of Chicago under this rule. Ordinarily, it may be explained, delivery on a future contract in Chicago is made by tender of the warehouse receipt for grain in store in a public warehouse in Chicago.

Mr. C., therefore, under this rule, met with a very disagreeable surprise. He did not want wheat. But when the millers of Minneapolis and Kansas City who carry their "hedges" in Chicago, found the squeeze putting cash prices out of line with future, in that they could not buy in their hedges without a loss, they simply shipped their cash grain to Chicago and made "carlot" delivery on their

\$2,000,000 for it. This illustration shows the sharp difference between mere betting on price changes and trading in future contracts. "Trading in differences" is strictly forbidden by the rules of all grain exchanges.

Each trade in the pit of the grain exchange represents a contract to deliver the grain. But most traders do not intend to make or receive delivery of the actual grain, there being another way of settling these contracts. The miller who buys a contract will not, of course, receive grain on it, for he intends it only as a hedge, as explained later.

He buys the contract to avoid speculation, not to speculate, and he will sell out the contract when he has bought the particular kind of wheat he needs. Clearly the miller who buys futures not intending to receive delivery is not thereby gambling or speculating; but is on the contrary eliminating certain speculative risks from his business by this hedging process.

The fact that grain can be had on these contracts and will always be had on contracts kept open to the delivery month, differentiates very sharply future trading from gambling. No doubt many gamblers do take a flier in futures as they do in everything else, but they are the hangers-on, the camp-followers, rather than the regular army of traders.

In this discussion thus far I have stressed the fact that future trading is not gambling because it deals with contracts and not mere bets. The usual distinction between speculation and gambling is: speculation is the assumption of risks which are economic, are already existing, and which cannot be eliminated; gambling is the assumption of risks not economic, are not already in existence, but are created artificially merely for the sake of the risk.

Thus buying wheat for a rise in price is speculation; betting that the price of wheat (which you do not own) will rise is gambling.

Actual physical wheat is sure to rise or fall in price, thus bringing profit or loss to the owner, the speculator. With the physical commodity goes always the economic risk of change in value, and this risk may be shifted or distributed but never eliminated.

Most buyers of futures do not take delivery of the actual grain, as mentioned above. This gives rise to a new criticism, that of the large volume of futures. This criticism may now be discussed.

2. *Large Volume of Futures*.—Future trading in wheat, corn and oats amounts to about twenty billion bushels a year on the Chicago Board of Trade. This is 85 per cent of all future trading in these grains in the United States. In Minneapolis the futures in wheat and oats amount to about two billions a year; in Kansas City the futures in corn, wheat and oats are about two billion bushels a year.

This large volume of future trading, compared with "real grain," has provoked much unfavorable comment about "dealing in wind," "imaginary grain," "phantom wheat," and so on. Of course, future trading in wheat is not trading in wheat nor in wind, but in wheat contracts. Hence the large volume.

In Chicago the futures exceed the volume of the whole United States crop of the three grains by the ratio of four to one. The receipts of these grains in Chicago are nearly 400,000,000 bushels a year, and hence the



It was under government control that prices did their worst

contracts. And Mr. C. had the unpleasant experience of having handed to him some few hundred "Delivery Notices," each representing 5,000 bushels of grain—for which he was expected to receive and pay cash within twenty-four hours. Whether he was merely betting or not, he kept his contracts open and got the wheat, and paid (so rumor says) some

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ratio of futures in Chicago to the cash grain received in Chicago is about 50 to 1.

But the real question is not the *volume* of these contracts but their *integrity*. If I am a feeder in Iowa and buy 300,000 bushels of corn in Chicago for next May delivery, will my contract get me the corn? It will. The most jealously guarded thing about these contracts is their integrity.

Liquidity.—The large volume of futures merely illustrates the liquidity of these contracts—the ease with which they may be bought or sold any hour of business day at their full market value. Liquidity means it is cheaper and easier to do business on this basis. In the seventeenth century, when France was literally bedeviled with an infinitude of petty regulations of the grain trade, de la Bourdonnaye wrote his superiors that grain is a "commodity that cannot be given too much freedom of circulation."

Wide Market.—The large number of buyers and sellers constitute a "wide market"—"easy to get in or out of." A wide, continuous market is necessary for hedging, the real justification of future trading, as explained in Part Two of this discussion.

Monopoly.—By the same token a wide market is the greatest foe to monopoly. The German historians report that the law of 1896 prohibiting futures on the Berlin Produce Exchange put the grain trade of that city in the hands of three Jewish firms. No wonder future trading was called forth from its hiding places and legalized again! On the Chicago Board of Trade from 2,000 to 4,000 persons a day trade, either directly or through brokers. This large number, scattered over the whole country, render collusion and monopoly well-nigh impossible.

Perhaps a sceptical reader at this point will challenge the large volume of futures in Chicago, twenty billion bushels, on the ground that it is impossible to deliver this grain, and hence these trades must be mostly pure gambling.

But does that necessarily follow? The United States has outstanding \$25,000,000,000 in Liberty Bonds, all payable in gold, whereas there is only \$3,000,000,000 in gold in the country. There is not enough gold in the world to pay these bonds—just as there is not wheat enough in the world to meet all the wheat contracts made in one year in Chicago. Yet both are perfectly good contracts. The holders will get what they want.

Or again, the New York banks generally carry demand deposits, subject to check, of about \$3,750,000,000, and money to pay these demands, about \$75,000,000, or one-fiftieth of the actual credit liability. And this is good,

sound commercial banking. Of course most checks are not paid in money; they are credited on the banks' books, pass on into the clearing house and are offset by other checks.

Similarly these grain contracts pass through a few hands, then into the clearing house, and are offset by other contracts.

"Set-off has all the effects of delivery," says our Supreme Court in the Christie case. "A set-off is in legal effect a delivery."

Clearly then, the large volume of these contracts and their settlement in part by off-sets in nowise impairs their integrity. They are unconditioned contracts, and any trader can stand on his contract and call for and receive the grain. And like government bonds or bank deposits, these "promises to pay" are kept good only by meeting the promise, by fulfilling the contract in hard physical reality.

3. *Why Do Prices Fluctuate?*—"Why isn't a bushel of wheat worth as much one day as it is the next day?" asked a farmer of the secretary of a grain exchange. Here he touched on the whole big problem of market value.

Price Range Follows Demand

THE QUESTION is easy to answer. The supply of wheat and the demand for wheat are literally both changing each day and each hour of each day. For the only supply of wheat recognized by the market is that stream of wheat composed of the following rivulets: actual, definite receipts at the market; visible supply, stated also in actual figures; invisible supply (in country elevators and on farms), stated in terms of estimates; the out-turn of the current harvest (for the grain is being harvested every day in the year in some one of the many big wheat countries of the world), stated as an estimate; condition of the wheat crop, also stated as an estimate subject to frequent revisions; and finally important political, social and economic events, such as strikes, riots, wars. A telegram at noon reporting black rust in the spring wheat belt is, in market language, equal to a reduction in the supply of wheat. As the market news of the world comes in over the wires to the grain exchanges, is printed on the broad ticker tapes and given out to all the traders on the floor, the estimates of the "supply" are corrected from moment to moment to conform to the facts.

In a similar manner, as the millers, the grain industries, the exporters, the various other consuming buyers, and the speculators, are buying with readiness or buying with hesitation, the demand fluctuates. The only demand felt by the market is buying orders.

Very obviously then, supply and demand do fluctuate daily and hourly.

Men in the market give slightly different reasons for price fluctuations. A prominent Chicago speculator has written a book in which he says market value is *opinion*, or

rather, the consensus of the many trading; and opinions differ at all times; and the same man's opinion frequently changes. Hence values fluctuate.

"Difference of opinion is what makes horse races," they say in Kentucky. "Difference of opinion is what makes prices change," is what they say on the market. Market values can be stabilized when men can be made to think alike—when the Fundamentalists and Modernists agree on the Bible; when the Jews and Gentiles join the same church; and when the Laborites, Liberals and Conservatives merge into one political party. Since men do differ in religion, politics, social and economic affairs, it is quite likely that values will continue to fluctuate.

What is true of wheat is true of all things. A United States Government Gold Bond for \$100 was worth \$116 in 1916; four years later it sold for \$82. Why this drop of \$34 on a \$100 gold bond backed up by the Treasury of the Government? Oddly enough, American wheat prices showed their biggest fluctuations of the century in the years 1917-1920, that is, in the years under government control and "stabilization" of the wheat market, when future trading was temporarily suspended.

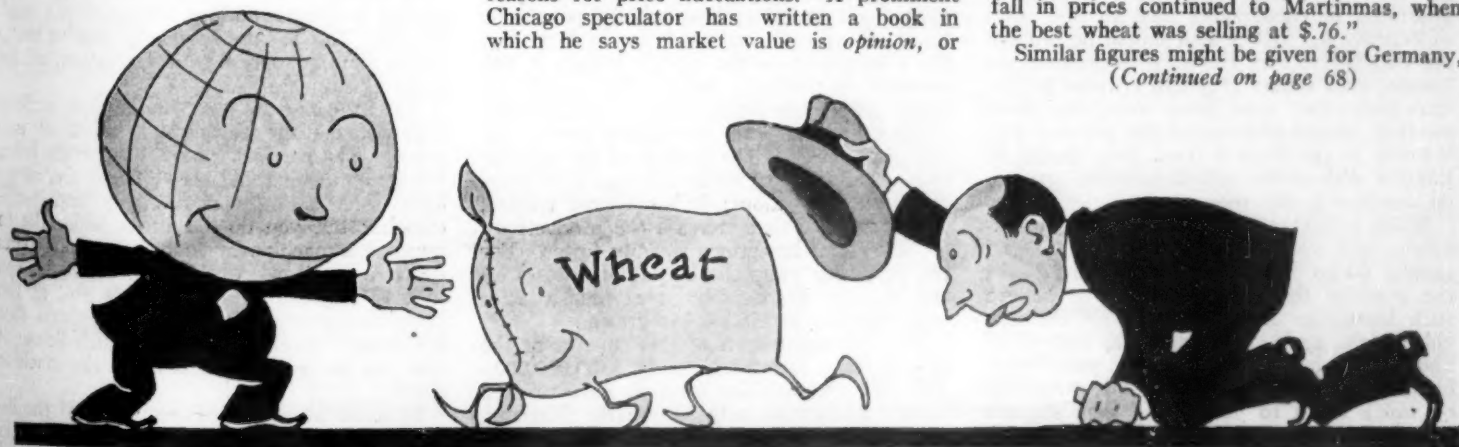
But the question I must answer is, "What effect has future trading on price fluctuations?" It stabilizes the price at the supply-and-demand level. In other words, the falls in price are cushioned; the rises in price are stepped upward. And the total swings in price are lessened.

This fact is illustrated by comparing prices now, under future trading, with prices formerly when there was no future trading. In those days prices did not show the daily tiny fluctuations of today, but did show from time to time sudden and violent breaks and bulges. If the price broke, it broke too much before it stopped. If it rose, it rose too fast and too far. Many curious examples of this are familiar to all students of the grain trade.

John Kirkland tells us in "Three Centuries of Prices of Wheat, Flour and Bread" that in London in the year 1812 the following prices of wheat were realized: in July, lowest price was \$3.00, highest price was \$5.10; in September the high was \$5.04 and the low was \$3.00; in October the high was \$5.16 and the low was \$2.28.

In the days of the Grand Monarch in France, Delamare went on a mission to the provinces to investigate and punish the grain merchants. He tells us how "by these means the price of grain diminished at Paris, ten days after the departure, from \$2.69 per bushel to \$1.76. Two days later prices fell to \$1.56, and in the same week to \$1.28. At the end of the month wheat was at \$.97. This fall in prices continued to Martinmas, when the best wheat was selling at \$.76."

Similar figures might be given for Germany, (Continued on page 68)



Unless the whole world is with you, you can't corner wheat

Things to Tell Your Men

A Series on Economics in Homespun



Chapter I—The Industrial World, A System

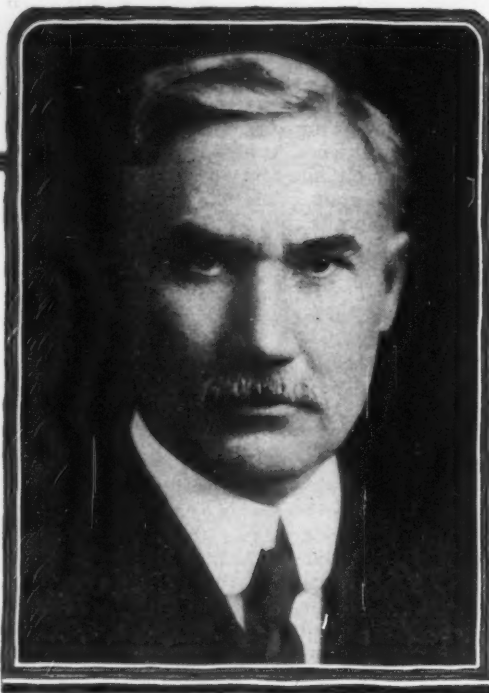
REMEMBER how lost you were when, for the first time, you stepped on to the floor of a big factory, or entered the door of a large general office? All you could see was a mass of jerking, pounding, whirling machines, with men gliding about before them or among them; or row on row of desks, files, typewriters, cabinets, and counters, with executives and clerks scurrying everywhere. Your first impression was one of confusion and disorder; you couldn't make "heads or tails of it."

Then, later, you began to "get your bearings." You found a certain order in what had formerly struck you as disorder and confusion. Every machine and desk and person was related to every other machine and desk and person, and to the whole plant or office. It was an organization—a system—operating according to a plan, and with each part related to the other, and to the whole.

When we look carefully at the business and industrial world, we find it, too, to be a system—an organization. Beside it all other systems are small and insignificant. Where it takes a newcomer but a day or so to grasp the order in a machine room or an office, it often takes years to realize fully the size and complexity of the industrial system. Many people never even begin to understand it; in fact, to many it is not a system at all, but merely a haphazard affair that can be twisted and experimented with as occasion arises. This is one reason for many of the misunderstandings, confusions, and inefficiencies that exist today.

Everyone ought to want to know more about the industrial system, because it is so interesting in itself and because he wishes to do his part as a worker and a citizen in making it better. Nobody will say that the present system, wonderful as it is, cannot be improved. Everybody, rich and poor alike, is interested in encouraging men to find ways to improve it. But it also should be brought out that before men can hope to improve the system, even before they can criticize it constructively, they must know something about it—they should understand the reasons why it exists in the form it does, they should be familiar with all the jobs it is called upon to do, and how it does them.

When a machine gets out of order, for example, and you call a "trouble man," you usually do so because he knows more about the machine than you do, and you believe such knowledge is necessary to set the machine right again. But suppose, instead of knowing much about the machine, your "trouble man" knew very little at all; would he be worth much to you? And then suppose he'd undertake to tell (as many often do) that the way to fix a gear that was out of



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George E. Roberts

By **GEORGE E. ROBERTS**

Vice-President, National City Bank

commission some place inside the machine was to throw away the drive pulley, or rip out all the bearings—he could do a lot of damage.

Thus, if we are going to do our part to make the industrial machine run well, we must learn as much as possible about it, and one of the first things we discover when we examine it closely is that it is already accomplishing some wonderful things as it stands. This is a fact too often overlooked. It has come to be a habit with many persons to assume that everything at present is wrong—that there was never a time in the history of the country when there was so much injustice, so much inequality, so much oppression, so much poverty. As a matter of fact, exactly the opposite is the truth.

Never was there a time when the masses of the people enjoyed the comforts and advantages that they have today. Everyone knows, for example, how rapidly population tends to increase—so much so, in fact, that for a long time in the world's history it was assumed as perfectly natural that population would grow more rapidly than food and other supplies, and that wars and plagues were necessary as a check. The growth of the population of this country within the past fifty years has been tremendous; it has almost trebled, yet in spite of that increase the productivity of the system has grown steadily faster. For the past fifty years the output of necessities and comforts has steadily increased at a faster rate than the population has grown.

The national wealth of this country at the present time is approximately \$300,000,000,000. This tremendous total we have reached after a history of only 300 years. England, our nearest rival, is 1,000 years old, yet her national wealth is only \$175,000,000,000. It

is true that these valuations have been much increased in recent years by the rise of prices, but this has been true of England as well as of this country.

This wealth is not locked up in vaults to which but a few people have keys. Most of it is owned by the masses, and practically the whole of it is employed in their service. In 1906, for instance, we had one motor car for every 1,788 persons; today we have one for approximately every 9 persons. In 1900 we had one telephone for every 84 persons; in 1920, one for every 8. In 1909 we produced 350,000 phonographs; in 1920 a total of 2,500,000. In 1909 there were 226,000 students in institutions of advanced learning; in 1920 there were 416,000. In 1920 ten times as many children were in high schools as in 1890, and more than twice as many as attended such schools in 1910.

Today there are smaller differences than ever before between different classes of people, based on wealth, as to the food they eat, the clothing they wear, housing and sanitary conditions, medical and surgical services, educational advantages, reading matter in the homes, means of recreation, facilities for travel and communication, and the general conditions of life that make for culture and advancement.

Moreover, the gains in living conditions have been accompanied by a general fall in hours of labor. Between 1860 and 1880, for instance, hours per week for employees in representative industries decreased an average of 6 per cent. Between 1880 and 1890 they decreased an average of about 3 per cent. Since 1890, and especially since 1898, the decrease has been greater, amounting, by 1905, to about 5 per cent, by 1910 to 8 per cent, by 1915 to more than 10 per cent, and by 1918 to more than 12 per cent. Before the Civil War men were accustomed to work twelve hours per day, and even longer. By 1919, 48.6 of the total factory workers of the country were employed in plants working 48 hours per week or less. This has meant a large gain to workers in time for leisure, for recreation, or for other uses.

The foregoing are some of the most striking achievements of the present industrial system—a system that many charge as being wholly oppressive and bad. There are, as we have said, admitted weaknesses and inefficiencies; but you do not often undertake to improve a machine by first demolishing parts which are already working effectively. You seek to improve the weak parts and at the same time save and strengthen the parts that are doing a good job. All of which demands that you know a good deal about the machine itself.

In undertaking a bird's-eye view of the industrial system, such as will be attempted in these articles, we make use of the science of

"economics." This is an old science that deals with all the facts, theories, principles, and data of every sort that concern man and his activities in making a living. Economics is the science of business and social life and deals particularly with the relations of people in organized society, where, in one way or another, they cooperate in their labors and share in the results.

As authorities have studied the industrial system they have discovered certain things that remain so constantly true under given circumstances that they become "laws" or "principles." There are many economic questions about which there is much disagreement, and this will probably always be so. However, there is a body of "fundamentals" upon which most authorities agree, and our purpose in these articles will be to discuss some of these fundamentals and show their bearing on current problems.

Chapter II—Team Work the Keynote

The first thing we discover when we survey the business world as a whole is that it is one of cooperation. The people in the cotton mills are making clothing for the people in all the other industries. The miners in the coal mines are digging coal for all the other people. The farmers on the farms are growing food for all the other people. The men employed on railroads and steamships transport these goods from one point to another. Those in banks, stores and offices all serve in many important ways.

The system is one of exchanging labor. You exchange a certain number of the hours spent in your mill, store, or office for a certain number of hours which others spend in mine, field, or on the railroad. It is a system of reciprocity. We all work together for a common end and share in the results.

Because it is a system of cooperation, each of us is able to select, from all the work that needs to be done, a part or task that specially suits him. We specialize on that, knowing that others will pick out other parts, and that all of us, working together, will get the whole job done. We shall note later the system by which the people are distributed throughout the industries, so that the world's work as a whole goes forward. The point to make clear now is that what permits us to divide up the work in this way is that the system is a cooperative one. This plan of dividing up the work we term the division of labor.

Great gains have come to society from the development of the division of labor. As a matter of fact, the history of industry is really an account of a wider and wider division of labor, in other words, increasing specialization.

In early times people were independent and self-supporting. They supplied their wants by their own labor or that of the household. There was no organization except for military purposes, that order might be kept. There was plenty of land; lumber and other raw materials could be had by the work of gathering them. Most of the articles needed were made in the household.

The division of labor arose when men began to devote themselves to one particular line of work, like making shoes, or candles, or hats, or bread. By specializing in one line, skill was increased, and a better job was done.

It soon became apparent that there were more goods, and better goods, to be had when people specialized.

As society developed still further, the various trades, which were the first groups formed, themselves began to subdivide. The manufacture of clothing, for example, employed several classes of workmen, such as spinners, weavers, furriers, and dyers. The more that specialization advanced, the greater became the skill of the various groups. Naturally, too, the smaller the unit of work on which each one specialized, the more he noticed that in certain portions it was a matter of exact repetition of the same process. This directed men's thinking toward developing mechanical things that would do such work, and machinery came more and more into existence.

WHEN we asked Mr. Roberts to prepare for us a series of articles that would set forth in the simplest way the economics of modern industry, we had this in mind:

That we could help the employer to get clearly in his mind those things that not alone he, but the men who work with him, must know. We hoped that they would go by way of the employer to the employed.

But there is more than one employer who needs this material for the good of his own business soul. We are called a "nation of economic illiterates"; the illiteracy is confined to no one group.

Mr. Roberts knows his story and how to tell it. "Economics" has a forbidden sound. But if any man can make a dead subject live, it is George E. Roberts, upon whom we have already conferred our favorite degree of D.C.S. (Doctor of Common Sense).—THE EDITOR.

The development of machinery, in turn, meant that there must be a still greater division of labor, for now some men had to spend their entire time wholly in making machines and tools. They did not contribute directly to the supply of goods which society used but made things which were in turn used to increase the supply of articles for consumption. Thus the system of production became more and more indirect or roundabout, until today, if you decide to produce something for the market, you must first usually construct an expensive factory building and then install power and equipment. The cost of all this goes into making the product. The workmen who erect the building, and those who build and install the machines, must all be paid as they do their work, and you reimburse yourself for these expenses in the price which you set on the products you sell. The whole system is very complex, and the final product which you bring to market represents efforts and money that were invested months and often years before.

There were many gains to mankind from the rise and spread of the division of labor. Fewer people were demanded to supply the accustomed wants of the population, which meant that those of inquiring minds could devote themselves to study and scientific research—to art, music, literature. Their discoveries became the possessions of everyone.

Then there were more goods available for society, and more opportunity to enjoy them. Before machinery came into existence society was founded on the drudge—on the peasant or the slave, who bore on his own shoulders the whole burden of the world's work. With the coming of machinery, the burden of brute drudgery began to be borne by backs of iron, and arms of steel. The masses of the people

gained opportunity for leisure, recreation, and development. Standards of living were raised. The pleasures of life were enlarged.

When the division of labor was in its early stages these benefits were apparent to everyone. Business was largely a community affair, where everybody engaged in it knew everybody else. Producers and consumers met face to face in the markets or across the counters. Wage earners were fewer; they worked alongside their employer and they knew usually as much about the details of the business as the employer himself did. The whole of business was open and understood. Everybody was in close touch with the simple transactions that were carried on.

With the development of more complex machine processes, however, and the expansion in the size and extent of business, these gains, while greatly increased, were not so apparent to everyone. They also were not clearly understood. The personal relationships that had been a vital part of business in the earlier periods tended more and more to disappear. Employers and employees no longer worked shoulder to shoulder or met frequently in the course of their work.

The railroads and steamships helped to bring about this condition by putting all parts of the world into closer touch. Business was no longer confined to a local community but became countrywide and worldwide in extent. Raw materials were brought together from great distances and the finished goods sent out to all corners of the world. The number of people

and the amount of capital and machinery employed in production became very large, and this added to the difficulty of understanding just how production was carried on.

The fact that today a suit of clothes passes through scores of hands in the process of its manufacture is pointed to by many persons as evidence that it costs more than it perhaps would if it were all made by one man. Such is far from the case. The complex system of today came about, as we have seen, for the purpose of reducing costs. Every time the division of labor is extended, it can be assumed that some gain has resulted, otherwise consumers would not pay the price asked; competitors, eager to get an advantage, would adopt cheaper methods and take the business. While such divisions do increase efficiency, they also still further obscure the processes of production and make them more difficult to understand. We have here, therefore, another reason for wanting something more than a superficial view of the business organizations of the country, and for seeking a full understanding of it next.

New Power for Old

THE MOTOR ship stands high, in the eyes of the Shipping Board. It can do more work in carrying cargo than a steamer and can do it cheaper, the board calculates. A bill is now pending in Congress which would allow the Shipping Board to make loans to shipowners who want to convert their steam-driven vessels into motor ships and also enable the board, when it has a prospect of actively using one of the Government's merchant vessels in the foreign trade, to incur the \$400,000 of expense necessary to install Diesel engines.

A Talk to Bethlehem's New Partners

I CELEBRATE my 25th anniversary in the steel business this year in June. I started like any other steel worker, possibly at a little lower rate than most of you. My first job was learning to run an electrical crane at 15 cents an hour. As I think of the first 10 or 15 years of my activities in the industry, it brings up very vividly to me the situation which existed then between the so-called boss, and we who were working for him.

My experience in those early days had a great deal to do with the gradual forming in my mind of the opinion that there was something needing correcting in the relations, in the conditions, in the atmosphere existing at that time between the "boss" and the men who were trying to do their best for him.

It apparently took some 20 years for that opinion fully to crystallize in my mind. Five years ago, I was in a position to do something to meet a situation I believed vital to the steel industry. The direction in which we finally launched or pointed our efforts you know—the Bethlehem Plan of Employee Representation.

The Employees' Representation Plan does not need any advocacy on my part. You have taken hold of it so well, you have it so well under way, that we are just going to believe that it is not only going to continue, but that it will grow and improve.

It is not perfect. I hope it never will be. I never want to reach that stage in life when we consider ourselves perfect. But I am satisfied that the plan does have the fundamentals that will go a long way toward meeting that great big mythical question of the relation between capital and labor. We are in argument with no one. We want to regard ourselves as a big, happy family, wedded 100 per cent to the interests of the Bethlehem Steel Corporation, each of us just as important to it as the other, although doing and assuming different responsibilities.

I think you all know by now what we are trying to accomplish through our employees' representation plan. You understand our views on it, and what is expected of us all to make it go.

If you men have any thoughts in respect to the conditions under which you are rendering service, in respect to the conditions under which your neighbor is rendering service—I do not care along what lines your thought may be—you cannot embarrass us by raising it, but you do hurt us if you do not raise it.

Come across with your thought and we will have it out. The men who are working with you from our end of the business can say "no" if it is right to say "no." If it is right to say "no," they can convince you that it is right. We want the opportunity to know our own shortcomings which we cannot get unless we hear from you.

We have been pleased—yes, more than pleased—with the way the men have successfully taken hold of the plan at Lackawanna, where not only the plan but we who proposed it were newcomers.

At the outset I had a great deal of misgiv-

By **EUGENE G. GRACE**

President of the Bethlehem Steel Corporation

NOT every employer faces just the same task as Mr. Grace; not every one meets it in the same way; but many men are asking themselves:

"How can I make plain to the men who work with me that our interests are not antagonistic; that industry is not a battleground with 'Capital' and 'Labor' as fighting forces?"

That is why we asked Mr. Grace to let us print these notes of one of his talks.

This talk was made to the Employees' Representatives at the Lackawanna Steel Plant. It is typical of the way in which one powerful corporation is taking the men into its confidence.

Mr. Grace's way may not be your way; you may have other things to say; but whether you are talking to five men or fifty or five thousand, there's something in Mr. Grace's talk that will help.—THE EDITOR.

ing. I feared that the men would be very skeptical, be doubtful of our sincerity in proposing a plan of this kind so early in our contact with them.

After conferring at home we said "We will take the chance." We took the chance for one good outstanding reason: Unless we could bring about better relations between the body of employees in the former Lackawanna Steel Company property and the new management in that property, we could not make a success of the operation of that property.

The Need For Unity

BECAUSE of what we had accomplished in all our other plants where we had installed this system we were convinced that we could not make a success of our control of the Lackawanna Company unless we could obtain with Lackawanna men the same character of relations which we had been able to establish with our other employees.

This plant, this company—no part of it can be a success without Smith any more than it can without Jones. We want, and insist on, and will have that family relation and feeling, that feeling of confidence, that feeling of fairness.

If there is any man in a position of responsibility in the Bethlehem organization who attempts to do anything that is "clever," anything that savors of "putting it over" or of unfairness, he can go right down to the cashier and get his pay. That is plain English. We can all understand it. And I want to be the first one to get my pay when any of those thoughts come into my mind in conducting the affairs of the Bethlehem Steel Corporation.

We are happy, very happy, with our first year of the former Lackawanna Steel Company. We have set out to make Lackawanna an up-to-date plant in every respect. We will not be satisfied until in the main the plant is rebuilt. It must be. When we took over the property it was not paying dividends. In 14 months' time it has gone from that condition to a condition where in the last three

or four months the property has paid its full way on the price that the Bethlehem Steel Corporation paid for it.

This good showing has not been accomplished by the money that we have appropriated to put into physical improvements. Lackawanna has had no important benefit of its improvements. That is all to come. In building the new coke oven plant, and all the rebuilding that has been under way, there is very little from which Lackawanna has had as yet any benefit.

What does this mean to us? I am glad we have not had the benefit of the physical improvements up to this time. We believe it has been worth every dollar that we have lost in waiting for the completion of these improvements to find out that the organization, by change of methods, given the opportunity, could become optimistic, cooperative, interested in the work; could succeed in developing this plant from an unprofitable to a very satisfactory basis. It has been accomplished entirely by the individual and collective efforts of you men.

Three years ago at a meeting at Steelton, one of the representatives asked:

"Mr. Grace, isn't it possible for the Company to arrange for its employees to buy the stock of the Company?"

My answer to that question that night was that we would take it under consideration. I knew when that question was suggested, that we were not ready to arrange it at that time for a number of very good reasons.

The finances of our corporation, under the conditions then existing, were not in the form that, in our judgment, made it wise, or made it possible for us at that time to develop a plan which we could recommend and sponsor for our employees to buy our stock. Over the last few years we have been working on the policy, through necessity, of changing practically the whole complexion of old Bethlehem's business.

Bethlehem in the first instance was primarily an ordnance manufacturing concern. By that I mean, a manufacturer of war products. We were not a large factor in the commercial steel business.

We knew the weakness of our position when we developed so largely the business of manufacturing war materials. Therefore, for a long time we have been gradually working to take an important position in the commercial steel industry of this country. Through the gradual extension of our old properties and acquisition of new ones, with the acquisition in the last year and a half of the Lackawanna and Midvale Companies, we now find ourselves in a very comfortable, important and strong position in the commercial steel business of the world. We are second in size to the United States Steel Corporation, as large as the Steel Corporation was when it was formed some 20 years ago, bigger in actual capacity and better in condition of the plants. Today we are about one-third of the present size of the Steel Corporation.

Naturally we had to revamp our financial structure. The old structure did not serve,

it was too narrow, too complicated. Therefore, in the gradual development of our properties, we have developed a new financial plan, an old line corporate structure, looking toward the owners of the property being represented in two classes of stock, the Preferred and the Common. Three or four years ago, when the question concerning the employees purchasing stock first arose, we had four or five different kinds of stock.

Therefore, I spoke of employees' stock ownership in that way, not in the sense of apologizing, but to tell you the reason we did not care to go into it then. Since that time, it has been suggested by different employees that the Company devise ways and means of helping the employees to save regularly out of their earnings and to invest these savings in the securities of the Company.

Opportunity to Buy Shares

NOW the thought of saving, of providing an opportunity for employees to save, to systematically put away a part of their earnings in a way that they would not feel, appealed to me. It also came right in the category of some of the other things that have been adopted from time to time, such as the Pension System, Relief and Benefit Association. Therefore, we have been working diligently in preparing a plan combining both the saving and stock ownership features which we could offer to you. We are giving every employee an opportunity to subscribe to and purchase, on a partial payment plan, shares of our Preferred Stock.

We selected the Preferred Stock because we wanted to provide that additional security in it as compared with the Common Stock and we wanted to eliminate the wider fluctuations, marketwise, which would be expected in the Common Stock of any corporation.

The security underlying every share of Preferred Stock is equivalent to \$618. Last year there was earned for dividends on this particular stock something over $3\frac{1}{4}$ times the amount required to pay the dividend. Last year was only a fair year, as we had the problem of taking over two plants, neither of which at that time was paying its dividends.

There can be no dividends paid at any time on the common stock until the full 7% dividends have been paid to the holders of record of the Preferred Stock. The earnings of the Corporation (without including the profits of Lackawanna, Midvale and Cambria properties prior to acquisition) for the last nine years available for dividends averaged over four times the dividend requirements on the Preferred Stock now outstanding. We will be bankers for those of you who care to purchase this stock. A 5% interest rate per year will be charged you on the unpaid balances.

While you are paying the Company 5% for carrying the stock for you, the stock will be paying you 7% per year. In addition to that, the Company will undertake for each year, over a period of 5 years that the employee holds the stock, to give him a bonus, for the first year he holds it amounting to \$1 per share, for the

second year \$2, for the third year \$3, for the fourth year \$4 and for the fifth year \$5 per share.

Why does the Company see fit to offer a bonus and make the purchase so attractive to you? For two reasons. First: Any activity that the Company can put into effect that will encourage its employees to save their money for a rainy day will make those employees better men. It puts them in a better frame of mind, in a more contented frame of mind. The whole world looks better to a man with a surplus. He is happier, he sees something ahead. We believe that the morale of our employees will be improved to a point where they will be more regular in the services which they give to the Company. Second: The plan of running the offer over five years is intended to help the problem of labor turnover. Every employee who works for us continually for a period such as the one stipulated is worth considerable to the Company. How much, nobody knows, but I am satisfied that this Company can well afford to encourage its employees to save and to be steady workers.

It means a lot to us to make possible the opportunity for our employees to become partners in the business. We have a feeling that it is one of those activities which we can well afford to sponsor, because of the effect it will have in the relations between the employees and the Company.

If you will look back for the period of five years, during which we have had our Em-

ploye Representative plan, what has dominated all our affairs? It has been to make out of our business, in effect, a big partnership, a big happy family working together, all centered intently on making the Bethlehem Steel Corporation a success. I know of no other industrial activity in this country that gets closer relations as harmonious and as effective as we do.

I am confident that this country is going to take up generally the essence of what we have started. It is going now by leaps and bounds. It was slow in the early years. We kept very quiet about our own adventure. We are very careful people. We are now ready to let the world know what we can do and what we are doing. There is no greater contribution we can make to humanity or to better the conditions between Capital and Labor than the thing we have done so successfully and have got so much from in the five years in which this Employees' Representative system has been in effect.

We are fundamentally right. There has never been a set of properties put together presenting more opportunities than ours. We have unusually good plants, well located as to markets and well supported with raw materials. The question, therefore, of a successful institution comes down to that of management. The two outstanding problems confronting the management of our properties are, first, to sell our products and then to make them, economically and well. This is the big job we have and these are the things upon which we are concentrating.

What the Bethlehem Plan Is

By JOHN LARKIN

Asst. to the President, Bethlehem Steel Co.

THE BETHLEHEM PLAN may be summarized very briefly. Elected employee representatives operating by themselves, with negotiating powers through committees of their own choosing, and also in appeals through joint committees with appointed management representatives, pass upon every matter arising out of the employment relationship which has not been satisfactorily settled in the first instance with the ordinary plant authorities for individuals or for groups. They also discuss and make constructive suggestions upon matters for the good of the business that are in no sense grievances, but in which the employee is found to be keenly interested and helpful.

The basis of representation is as follows:

Plants employing under 1,500 employees—one representative for each 100 employees.

Plants employing 1,500 to 10,000 employees—one representative for each 200 employees.

Plants employing over 10,000 employees—one representative for each 300 employees.

Provided, however, that in no case shall there be less than 10 representatives.

Eighteen years of age and 60 days' employment qualifies for voting. Twenty-one years of age and six months' employment, with citizenship or first papers, qualifies as a candidate for election. Company officials and those hiring or discharging are disqualified.

The unique feature of the Bethlehem idea is that the employees of each of its plants are trusted to organize as a body, to meet through their collective representatives of their own choosing and to formulate their opinions or requests. In all this they have full access to the Company's information, with special representative of the management at each plant devoting himself to the work and available at all times for conference.

Ample provision for review by joint committees is made, should either employees or employer desire this and also for appeals beyond that stage.



General Body of Employees' Representatives, Lackawanna Plant of the Bethlehem Steel Company

The Annual Meeting Number

AS THIS issue of The Nation's Business goes to press, the twelfth annual meeting of the United States Chamber of Commerce is being held at Cleveland. For three days the leaders of the business world are discussing the questions which most affect our industrial fabric.

In smaller gatherings men are taking up the questions which most concern particular branches of business. At these group meetings, devoted to distribution, manufacture, finance, transportation, civic development, foreign

commerce, insurance and natural resources, a wide range of subjects is taken up.

Immediately after the meeting The Nation's Business will issue an extra number devoted to this "National Convention of Business." It will contain the addresses of the speakers at the general meetings as well as adequate reports of the group gatherings.

Those who attend the convention and those who do not will find in this special issue much that is of immediate interest and much also that is of permanent value.

Tragedies of Washington

By JAMES B. MORROW

THE TRAGEDIES of Washington! The phrase is not mine; it is the editor's. "Write an article on that subject," he said.

I had left his office when a large-boned man whose black clothing was much too loose for his frame, passed me in the street. He didn't see me; or if he did, he gave no sign of recognition. His eyes were straight ahead, were fixed, it seemed, on a spot in the heavens, midway between the sidewalk and the crowns of the trees in the White House grounds.

He had the long, leisurely, chopping stride that is acquired behind plows and harrows and in hay and wheat fields—a stride that is hardly ever wholly changed through the years, fortunes and vicissitudes of life.

I had known this grave-looking man when he was a Senator of the United States and when his name, seldom if ever heard now, was printed almost daily in the largest of newspapers, east and west. He was a famous stump orator at that time and had a picturesque sobriquet of respect and admiration which was known throughout the land.

His cheeks then were full and not drawn. His body was round and not gaunt. His countenance was aglow with pride and power and not strained nor shadowed by disappointment.

A party man, keeping within the doctrines of his platform and the discipline of the leaders, of whom he was one, he nevertheless was passionate in his friendship for the common people and rugged in his pioneering enterprises against what he termed the oppressions of unscrupulous railway corporations.

For fifteen years he remained in the Senate, honored and consulted, and was then cast out of public life by his constituents, by his own party, which nominated and elected another man.

On any day at almost any hour former members of the Cabinet, the Senate and the House of Representatives may be seen in the streets of Washington. They are not the men who have left office since the World

THE service of the Government is an honorable and dignified employment. But like all other forms of employment, the road to success is strewn with tragedies—the tragedies of unfulfilled ambition, the tragedies of men elected to high office who cannot step back into private life.

But is the man who sets forth in the government employ more apt to lose ambition than his fellow who goes into our enormous privately owned corporations? A hard question to answer, and one which ought not to be answered with a "Yes." The National Chamber is committed to the reclassification idea, which will do much to better conditions and to make government service a still finer calling.—THE EDITOR.

War, many of whom, through their knowledge of tax laws and so forth, have as lawyers gained fortunes at the nation's capital, but are the political outcasts of an earlier day. Some of them are shabby. Others at times may be hungry. Nearly all of them, except the talkative egotists, are low in spirits.

Why have they remained in Washington? Let us look into that matter. Why, it may be asked in the first place, did they take from a naked Indian as did the grandsire of "The Autocrat of the Breakfast Table," a bullet hole in the left cheek in exchange for a pipe, a tomahawk and a beaded knife-sheath?

A sensible man may once in a lifetime, at least, be carried off his feet. A band of music and a cheering throng of friends, neighbors and partisans shout in the dooryard and in the street: "You are the only man who can do it"; that is, carry the district against the candidate of the other party. I have known of such a case. Whatever the method of inducement may be, whether it be flattery or an appeal to party loyalty or the solemn assertion that one's duty is to serve one's country, the level-headed man, taking time to think it over, under pressure, surrenders, perhaps reluctantly, in the end. He chooses to give the pipe, the tomahawk and the knife-

sheath. Fortunately for the republic he does not foresee the bullet that he is to get in return.

If he has through vanity or ambition sought the office or has had it "thrust upon him," the result to himself, eventually, is very likely to be the same—the same whether he is elected to the House of Representatives or the Senate, provided he remains in Washington long enough and at the start was not a wealthy man.

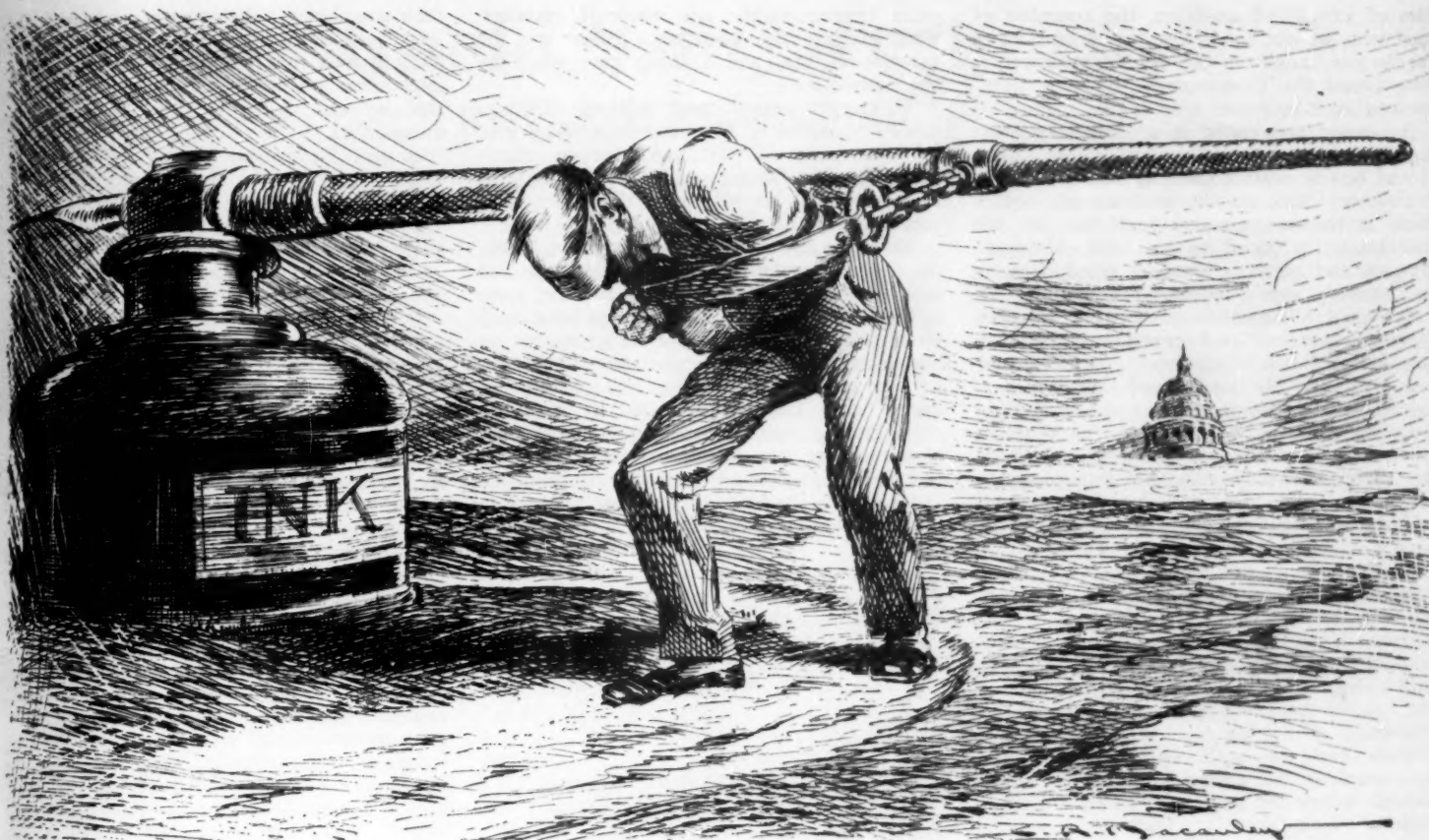
Ten chances to one he is a lawyer with a partner and a clientele of bankers, merchants, farmers and small manufacturers. He may think at the outset of his political career that he will "redeem" the district or "save" the district and then come back to his home and business. He cannot know, in Heaven's merciful providence, when he sets out for Washington that he will never return to dwell among old neighbors and fraternize with old friends except periodically; and if he is going to the Senate for six years, he may not again, save at long intervals, mingle with the folks at home.

If he is popular and an able man, he is reelected and reelected again and again. But all the time other aspirants, as old Judge Culbertson, of Texas, used to say, "are a-spreadin' pizen in the deestrick." A battleship burning anthracite makes no smoke. A trader, laden with live geese in coops, can blacken the whole horizon if its coal be soft. There are anthracite statesmen and bituminous politicians in Congress.

If our imaginary senator or representative is a statesman, the aspirants at home, on the ground, while he is far away, will probably call him a reactionary. They will say that in his heart of hearts he has contempt for the common people because of his secret love of the interests. This charge reiterated year in and year out (yes, among the intelligent American electorate) is at first taken with a grain of salt and then, such is the cumulative effect of a repeated slander, believed by a new and credulous generation of voters.

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A blind horse in the nation's ever-grinding bark mill.

cruelties and stupidities of politics is turned out of office. Now, then, how does he stand? Long ago his law partner, weary of doing all the work and dividing the fees, has set up for himself, taking the clients of the firm with him. The entire face of the home bar has been changed. Indeed, the face of all things has been changed. Nothing, nothing is the same. Friends have died or become aged or to a degree alienated, even legendary, men.

And our Senator (we shall now call him a Senator), years ago spent most of the money he saved while a practicing lawyer in the town he once called home—spent it honestly in living and in contributing to a thousand causes, religious, fraternal, social, charitable, political, educational, in the state that honored him and then blackmailed him in every batch of letters delivered to his hand.

There are some members of Congress who do not spend all of their salary of \$7,500 a year. I knew a man from the West who lived well within the \$5,000 then paid to senators and representatives. He carried his luncheon in a paper bag and ate it in the cloak room. I know of another man, a representative from a northern city, who is spending \$20,000 a year right now in entertaining such of his constituents as visit Washington and feel that it is their duty to pay him their respects at the fine hotel where he lives. It requires both callousness and courage to live economically in Washington if one is in high office and has a wife in good health who takes pride in her husband and his position, and in herself as the spouse of, so she supposes, a notable man.

But our Senator—what becomes of him? Shame, anger, cynicism and disgust wrecked for a time his philosophy and peace and left scars within his mind and heart which the years could not remove. He had been an honest, useful and patriotic legislator; and the President of the United States, understanding

his case and being familiar with his history, gave him an appointive office; whereupon a flippant press in its news and in its glib and thoughtless paragraphs referred to him as a "lame duck."

Had our repudiated Senator not been taken into the Government, he, it is almost certain, would have resumed the practice of his profession, but in Washington, and made a specialty, not by his own choice, of pressing and occasionally collecting small public claims of private citizens and doing odd errands among the departments. He would have been seen, specterlike, in gloomy corridors, and passed, his face averted more than likely, in the street.

Yes, he "saved" the district—a fact of which the party workers and habitual voters have but hearsay knowledge—and through character and merit had been elevated to the Senate. Bah! That would have been ancient history, emerging from those mists of the past when there was no such vile enemy of the republic as a reactionary and when a bass voice, a hill-billy vocabulary and a greasy smile were not the most common and dependable tools with which to get publicity.

Many Have No Regrets

STILL, a lawyer returned to practice, as he might have been, with that "kind of solemnity of manner," which Dr. Johnson observed to Boswell "is necessary in a professional man," whether he has been put out of office or not, our Senator could have found some pleasure, perhaps, and maybe he did, in the memory of former associations, and some comfort in the reflection that he had served his country well.

I interviewed the eloquent and dashing William P. Frye, Senator from Maine, when he was seventy-five years old and after he had been a member of Congress for more than a generation. "Do you regret," I asked, "that you shut up your law office and engaged in politics?"

"No," he answered. "If I could go back

and know that a fortune awaited me at the law, I should do just as I have done. I could have made money, whereas I am poor, but I have lived my years in pleasant surroundings and have found infinite satisfaction and confidence which my state has given me."

Stoutly spoken and proudly; but Senator Frye was then in office and died in office at eighty-one. Poets, sculptors, artists and novelists emerge from the mountains and forests of earth. Trees and hills are the abode of imagination. So from Maine, with its pines and rocks, have come men of genius and passion; but their talent has been for politics, which is war, romance, minstrelsy and all the spectacular arts combined in one. And Maine (herein is the moral of this paragraph) for the most part has been loyal to its gifted sons.

While in Washington the tragedies of the great are known and can be seen, the tragedies of those who are not great and never will be are not known and cannot be seen.

Not all office-holding and ex-office-holding in Washington is tragedy. Some of it is heroism. There are men doing fine things for the love of the work and often for poor pay.

A government employee of skill and learning in his profession once said to me:

"There is no job in the world that I'd rather have than the one I hold. I'm doing a good work, a work that I'm interested in, and I hope I'm doing it well. I do resent the pay I get, but not because it's less than I could make if I were to quit the Government. I don't think the Government ought to compete with industry. Men are willing to work for less than their fellows in private life in return for the certainty, the opportunity to follow lines of work they like best; to use an overworked word, they welcome the chance to do a community service. But I do think the Government ought to be a fairer employer than it is."

But there are tragedies; they're the trage-

dies of unfulfilled ambition, the tragedies of men who set out to do fine things and found themselves caught in the net of indifference, who found the Government "an easy boss" but one hard to leave.

A worker at a lathe in a shop may some day be president of the corporation. The errand boy at a store possibly will become its proprietor. But to the government worker there is the ever-growing fear that he will find himself chained to his desk, his spirit drugged and his hope dead—a blind horse in the nation's ever-grinding bark-mill.

We used a suppositional senator; now let us use a suppositional government clerk in this article about tragedies. We shall call him Dillings. He has learned that Washington has night classes, at real universities, in law, and that an employee of the Government, leaving his work at 4.30 o'clock in the afternoon, may earn his living—and a good one—at that, and prepare himself for a profession at the same time. So he passes a civil service examination and after a long wait receives an appointment in one of the departments at the national capital. His purpose is to be a lawyer and practice "out west," where youth and energy are advantages and pot, as he sees the case, hindrances.

Time runs on with Dillings. He completes the course in law, and his salary has been raised to \$1,400. Coincidentally Dillings has engaged in an adventure to which mankind has always been addicted—he has fallen in love. "Who can love without an anxious heart?" asked Sir Wilfrid of Ivanhoe. "If thou knowest not care and grief," Sir Wilfrid added, "it is because thou knowest not love."

So Dillings thought, as did the lady whom he wooed. He feared mightily that someone else would get her; she feared as mightily that someone else would get him. Every robust man who has loved knows how Dillings felt.

They talked it over—Dillings and his sweetheart—even figured it over with pencil and paper. So much for the rent and so much for food and clothing. Under "miscellaneous" were such items as amusements (but we won't go to the theater often—and they didn't), medicine, say \$5, magazines and so forth. But not a penny for obstetricians, nurses and babies. It was poor figuring; but the lovers were young, you understand; and neither had ever been married.

And, mind you—this they emphasized very strongly—they would save at least \$800 in two years, joyfully set out for their new home in the west and begin the practice of law. "Now sits expectation in the air, and hides a sword from hilt into the point."

Alas, Mr. and Mrs. Dillings did not save \$800 in two years, nor in five years. There was an experience common in Washington, but they were happy. A wealthy man who once was Vice-President of the United States told me that he was married in trousers borrowed from his brother. "When we are young," he said, "we are kicked around a good deal, but fortunately we don't know it." Ah, yes; youth has not reached that

point toward middle age where it exclaims, with Motley, the historian: "Give me the luxuries of life, and I don't care who has the necessities."

The years passed, and still the Dillings family remained in Washington. "Why give up a certainty (\$1,600 now) for an uncertainty?" asked Dillings, with some pretense at financiering, of his wife more than once after the children had gone to bed.

Then, by and by, Dillings bought a house, the sixth in a solid row of ten. He would not have confessed it, but he had become, deep in his protesting mind, a permanent inhabitant of Washington. He made a cash payment on the house and gave two mortgages, or trusts, as they are known locally. The mortgages bore all the interest permitted by law; besides Dillings had to pay a stiff commission to the broker who negotiated them. And at the end of each three-year period thereafter Dillings was compelled to renew the mortgage and again to pay the broker's commission.

"Now," Mrs. Dilling's had remarked when they had moved into

their own home, "We must economize." Dillings put off going to the dentist's. Mrs. Dillings took two roomers of the type of Dillings himself fifteen years earlier; one thought that he was to be a physician; the other dreamed of the law and of fame and fortune "out west." Always it is "out west," but "out west" slowly recedes until it fades away and is lost in the depths of the Pacific Ocean. They room, the defeated physician and the beaten lawyer, with the Dillings no longer. Their own wives are taking lodgers, and they also are putting off going to the dentist's.

Dillings liked the idea of being an owner of property, even though he had signed two mortgages. He felt that he now had some standing among his neighbors and at the office where he worked. Often he would speak of "my house." At home, however, he was decent enough to say "our house." He joined an association of citizens and by degrees learned that he really should say "its house"—"its" being the city government. He discovered that he couldn't nail a board on his porch floor and keep within the regulations unless he got permission to do so from the inspector of buildings. "The three commissioners downtown," he told his wife, "have regulated me into a nonentity; my bosses at the office have regulated me into an automaton; and you, my dear, won't let me smoke in the front room or feed the dog in the kitchen."

In an unconcerned way Dillings had known that Congress is Washington's common council and board of aldermen and that the three commissioners, appointed by the President of the United States, are in fact the triple mayors of Washington. He now discovered that he had no part whatever, by vote or influence in the

government of the city and that his taxes were fixed, collected and spent, and that he had no more voice in any of the three procedures than has a German in Berlin or a Russian in Moscow.

So we leave Dillings in a shiny-backed coat with a dingy green shade above his eyes, humped over his desk, copying figures into a book or onto a paper. He is not the same Dillings who came to Washington twenty years ago. The juices have evaporated from his body. The light has gone from his countenance. His hair is the color of hay. In his heart is a grave wherein lie buried the hopes and enthusiasms which turned his buoyant spirit and expectant face toward the nation's capital, while dead in his hand are the flowers gathered in all their freshness and fragrance long ago.



He would have been seen, specter-like, in gloomy corridors.

Uncle Sam, Realtor

By FREDERICK SIMPICH

LONG before Christ, in lands of little rain, men knew the art of irrigation. Even as early as Nebuchadnezzar's day, governments helped people move water from river to field, on big projects too costly for private enterprise. Now and then, certain projects have proved too costly even for a government, measured by net returns from the reclaimed land. In parts of our own west this has come to pass. In our haste to "make the desert blossom," error has crept in. The blooming is fine; but here and there it costs too much.

It is a curious story. It starts, as I say, in seductive phrases. "To make the desert blossom as the rose," "to make two blades of grass grow where one grew before." Ambitious fancies, these; to irrigation engineers they hint at great adventure in puny man's conquest of civilization's enemy—the arid, empty desert. The bigness, the sheer romance in this thought of conquering nature and reclaiming regions idle since the world began, spurred us on. We spent millions; most of them wisely, profitably. We made the desert actually bloom.

But now, we find, some of these blossoms are very expensive. Two blades of grass were made to grow. But to get two blades instead of one—on a few of our projects—we spurned an ancient principle called the law of diminishing returns. Occasionally, that second blade of grass was not worth the extra work it cost to grow it.

Cost Goes Up As Values Drop

TO THINK straight and understand why some desert bloom now costs too much, you must look back a bit and learn how we began to farm in the arid west. At first the pioneers settled only near the streams. They took up choice land that "lay right," easy to irrigate by crude dams and simple ditches. Gradually, however, more and more people moved west. A day came when all good land close to streams, easy to irrigate, was taken up. Later immigrants had to settle farther back from the streams, where land was rougher, higher, and harder to water. The more people that came the harder it grew to get water enough for all. Dams had to be built bigger, and ditches longer. This cost more and more. Finally, the job got too big for private enterprise. Then Uncle Sam stepped in. He has been stepping in now for more than twenty years; to date he has built 24 giant projects at a cost of something near \$150,000,000.

Now he is in trouble. Too many people, living under the projects, owe him for water. Some can't pay; others simply do not. The reasons are various. But the facts have been found and set before Congress in a late report from a commission set up by Uncle Sam to diagnose his irrigation project pains and to suggest a cure. The report is thorough, comprehensive and constructive. It points out our errors. It asks for a new reclamation policy and new laws to save Uncle Sam from more loss and to save certain debt-laden farmers from total ruin.

The fact-finders' report is a curiously human document. When one has studied it one is struck by the thought that, for the present, we may have enough land under the plow. Surplus production, everyone admits, is one reason why farm crop prices are so low that often not even taxes are earned. Many of the farmers on federal irrigation projects, 12 or 14 per cent of whom are in arrears, are in

debt from this ill-advised production of excess crops.

Ex-Governor Campbell, of Arizona, who acted as chairman of the Fact-Finding Committee, told me that another reason for the plight of many farmers who failed was that they were not farmers at heart. They were not rural-minded. A million persons a year, Secretary Wallace says, are quitting the farms to find jobs in town. Many of these are not rural-minded. "Let them go!" many critics cry. When enough have gone, something akin to a "balance of nature" will be restored; overproduction will be cut, and then the yield from land, in terms of production on investment, will tend to rise and parallel the yield from industry.

Many of this million who now quit were those seduced by soft phrases, lured by public and private propaganda to make the desert blossom, to get the two blades of grass.

In future, the committee says, more discrimination should be used in the choice of "farmers" to whom federal-irrigated land is allotted. And sounder farm advice must be given.

Here is a homely example. Rowsey Wanx, Slavonic immigrant, grew cabbage on a western patch. His yield last year, we'll say, was 1,000 tons and sold for \$10,000. "Put on more fertilizer," the experts advised. "Increase your production—intensive farming pays." Rowsey did. He spent \$1,000 for fertilizer. Result, 1,100 tons of cabbage; receipts, \$11,000. Rowsey worked harder. He made the desert bloom. He grew 11 heads of cabbage where only 10 grew before—but didn't make a penny more!

In putting water on lands of "little or no productivity," says the fact-finders' report, Uncle Sam has lost many millions. Here is the chief reason why he lost it. First he built and paid for dams, reservoirs and ditches; then he put settlers on the irrigated land and asked them to pay a flat rate, based on the cost to him of the project. But, says the report, the intrinsic return value of any project is not fairly to be measured by its cost. It can only be established by the worth of the crops grown on the irrigated land, when put under cultivation.

Need Plan to Stop Loss

TO SAVE Uncle Sam from further loss and to help irrigation project farmers pay their debts in future, the committee urges that the present 20-year installment plan be abandoned; for this plan, another should be substituted, whereby annual payments would be based on actual crop earnings, without any fixed time limit in which all Uncle Sam's cash outlay should be returned to him. This actual land-earning power is defined as the "average gross annual production for the preceding ten years or for all years of record," and the yearly acre payment charge on each project shall be 5 per cent of this figure. This new plan, the committee believes, will quiet the present outcry that water charges are unjust.

Also it is planned to make a study of all lands under federal projects and classify them into different groups, depending on their crop-power to support the farmer and his family and to repay Uncle Sam his dam and ditch costs. Poor lands, plainly too poor to feed a

family and yet let it pay anything at all to Uncle Sam, shall be exempt from such payments.

To take care of project farmers now in arrears—and they owe Uncle Sam more than \$27,000,000—the fact-finders urge that "with the adoption of the new policy of reclamation all unpaid and deferred charges for construction and for operation and maintenance now assessed against the farm units be transferred to the construction costs and that the new total thus established shall be the construction costs to be paid in future."

But to enjoy this last privilege, farmers themselves must form water-users' associations, or "irrigation districts," to take over the complete care, control and maintenance of the projects. To help do this, credit enough to run the project the first year would be extended.

To make the desert bloom, many farmers hurried to these projects without enough capital. Now they lack horses, tools, equipment. To buy these the committee asks the creation of a credit fund; from it farmers might borrow on easy terms. But snags may lie ahead for this proposal when Congress dissects the report. Since the debt debacle in the northwest, where too much credit given farmers drove 500 banks to ruin, steps for more government credit to farmers may be taken slowly.

Three Big Projects Failures

THREE of Uncle Sam's 24 big projects have already failed, the fact-finders say, and, "unless remedial measures of a permanent character are applied, several more of the projects will fail; that the federal reclamation experiment, conceived in a spirit of wise and lofty statesmanship, will become discredited."

Disaster can be avoided, the committee says, without departing from the intent of the Reclamation Act. In this Uncle Sam's twenty-one years of irrigation experience will be useful. But action must be prompt, it is insisted. "The present situation has grown to such proportions, in two decades, that it can no longer be met by temporary relief measures. The causes of dissatisfaction and failure must be eliminated."

If stripped of softening adjectives, the report would say bluntly that some of our reclamation muddle is due to politics and sectionalism. The act said federal money should be spent in a certain fifteen states, in proportion to the sales of public lands therein. From these states, insistent demands arose for immediate action. To some extent, before the law was passed, studies had been made of soils, water flow, and reservoir sites in these states.

"Yet sufficient accurate information regarding agricultural and economic feasibility had not been obtained to justify the selection of each of the 24 projects which were located within four years after the passage of the law. Some projects were authorized which should never have been undertaken." The italics are mine, to show again the lure of seductive phrases.

"Make the desert blossom" was the big idea. Uncle Sam was putting up the cash—and we had twenty years to pay! Many have not paid, because they couldn't; others, merely because they think they don't have to. That, if they can owe him long enough, Uncle Sam may eventually relent and find a way to forgive the debt! Maybe he will. The com-

mittee asks him to forgive just some of them. "Federal irrigation is a great, constructive force," one high official told me. "But it never will be a financial success for the Government until, among other things, it is put in the hands of a czar with a tenure of office lasting ten or fifteen years who can be ousted only for incompetence or malfeasance. We do not proceed against farmers in arrears. At least \$5,000,000 is delinquent now which might easily be collected, but never in one single, solitary instance has Uncle Sam foreclosed his lien!"

More than 20 big projects were built at once. Their cost was nearly \$150,000,000. We had no background of experience such as would have come from a more gradual and orderly program. On some jobs the final cost was many times the first estimate. Many farmers feel that they are now called upon to pay far more than it was first said they should. This has caused constant attack on the Reclamation Service.

No future federal irrigation project should be started, the committee warns, where a thorough study fails to prove that farmers settling on it could not only make a living but could also repay construction costs. "Community and political demand" should be of secondary consideration.

"Once a project is located, the errors in the choice are felt to the last day. The relief that can now be afforded on existing projects is to classify the lands upon the basis of a scientific survey and place equitable charges upon each class in proportion to its power to produce."

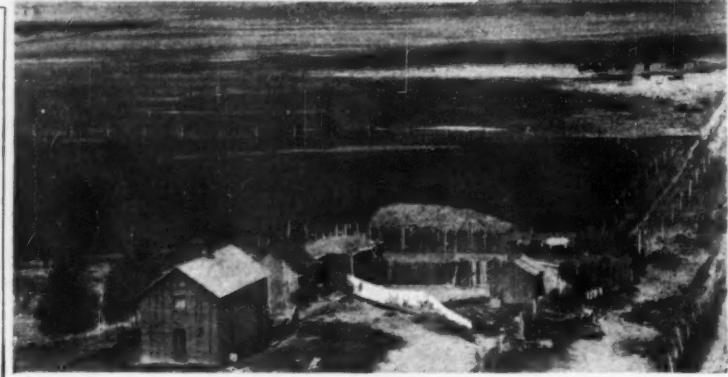
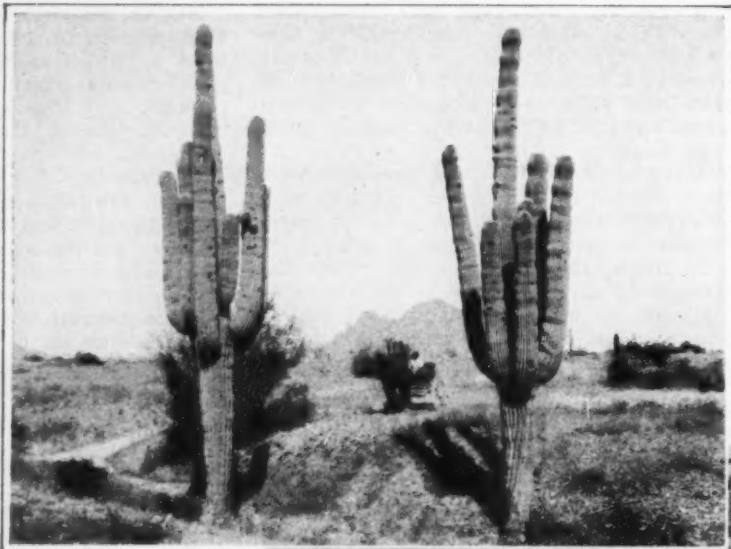
But the fact that so many farmers now owe Uncle Sam is not due wholly to errors of location or high costs of dams and ditches, we are reminded. A fundamental error was the belief that the mere building of irrigation works would of itself create irrigated agriculture.

In other words, we paid too much attention to the engineers who built the works, but not enough to the kind of people who settled on the land. Too many settlers lacked experience. They were lured by phrases. It was a lottery. "It would be just as sane," one experienced reclamation officer said, "to choose a bank cashier by drawing names from a hat as it is to put a man on a federal irrigation project by our present slipshod methods."

"The project settlers were unselected as to fitness by experience or financial ability to undertake irrigation farming," the report says. Many knew nothing of the expenses or physical obstacles they would meet in creating a farm. Instead of the minimum two or three

thousand dollars for buying needed work animals and equipment, many came to the lands with little or no capital. Here was a situation, the report adds:

which made the agricultural needs of this heterogeneous body of water-users the most important factor in this development. The inexperienced farmer should have been given more and better information and advice; the poor farmer, with honest courage but little or no capital, should have been provided with proper facilities; the farm with a rough, rolling surface should have been leveled; the greedy owner of private lands, ready to trade upon the natural desire of vigorous, hard-working men for independent homes, should and could have been squelched; the good farmer, with small business capacity, should have been given the assistance of cooperative organi-



Buyers of Watered Lands

COURTESY OF RECLAMATION SERVICE

A man came into the office of The Nation's Business and saw the proof of this article. "That hits me where I used to live," he said. "Some years ago I handled an advertising campaign for a western railroad that sent over 6,000 colonists to new lands. We sold lands to machinists, actors, street car conductors, school teachers, and what-not, to make the desert bloom like the rose."

"Then the road sat back and waited for the traffic in produce. It didn't come,—wholesale failures. Later we changed and ran the same ads in country weeklies instead of city dailies. We got fewer answers, but they came from farmers who picked their lands and knew how to get results."

"Uncle Sam is not the only offender, but he is responsible for a great many failures right along."

zations for buying and selling; all should have been supplied with intimate advice, from competent official advisers, on all farm matters; and by every effort the way should have been made easier for the water-user, who not only profits by the labor and skill of the engineer but who also absorbs engineering mistakes and pays engineering bills. Such a singleness of purpose in winning project success by helping the farmer would have brought greater success to the projects, avoided the present danger, and would early have uncovered needed changes in policy or methods.

As a real estate agent, Uncle Sam has failed, the fact-finders frankly say. When he goes out of the irrigated land business and hands these projects over to competent, responsible private control, "a large portion of federal reclamation difficulties will disappear."

All but 2 of the 21 big projects are still managed by the Reclamation Service. The effects of this are bad, we're told. Uncle Sam is criticised—whether to blame or not—for all that goes wrong on the projects; and, among the farmers themselves, dependence on federal paternalism increases. Water-users look on themselves as wards of Uncle Sam, a favored class with special claims on his bounty. Nothing could be more detrimental to the progress of a venture which demands, first of all, individual courage and independence of the people concerned, says the committee. And it urges that, at the earliest possible date, the operation and maintenance of these projects should be turned over to the water-users.

Pointing to the partnership of the state and nation in the development of good roads, the committee also asks whether the



state in which a project is built should not be required to meet a part of the expense and become a partner in agricultural development. Such participation, the committee believes, would lessen political pressure for projects of doubtful merit and help to lessen the danger of centralized control. If this were done, I was told by one authority, the result

might also be that by diversified farms irrigated communities would become more and more self-supporting and need to import less food. By study and hard work, the output of products in more concentrated form might be reached, and thus the cost of long freight hauls be no longer prohibitive.

While some projects have lost money because they were located without due regard for the limitations of soil, climate and available markets, the report pays high tribute to the honesty, zeal and technical skill of Uncle Sam's engineers, and asserts that the integrity of the financial operations of

the Reclamation Service remains quite unquestioned.

But, it adds, "the greater attention now properly being given to the agricultural and economic features of federal reclamation will require a further reorganization of the bureau."

The purse of every farmer, and every city man, is hit by the facts found in this report. We have made some mistakes, and lost some money. Unless we mend our ways, we will lose some more.

As things have been going the public's funds and individual enterprise have been alike swept along in a current of indiscriminating enthusiasm for any lands on which water can be put.

Labor's Window on Wall St.

By SILAS BENT

LABOR now has its "window on Wall Street." The window is at 120 Broadway, New York City, where Warren S. Stone, president of the Brotherhood of Locomotive Engineers and labor's premier banker, sits with directors such as Charles M. Schwab and Coleman du Pont and others of the class commonly charged with being hostile to the workingman's interests.

The brotherhood's purchase of a big interest in the Empire Trust Company is the latest addition to a chain of labor banks which has grown in less than three years to twenty-five, with combined resources in excess of fifty millions. Nine more banks are being organized, and sixty cities have put in applications for others. This sudden and surprising growth means several things; but the first question which arises is whether it will prove a wedge or a link between capital and labor.

Mr. Stone (who is author of that phrase about the window) tells me it will prove a link.

"This talk about capital and labor as though they were separate and opposed classes is bosh, to begin with," he said. "Even a barber, if he owns his razors, is a capitalist. But most people think of capitalists as men who hold stocks and bonds, which are wealth. Let it go at that: most workingmen own stocks and bonds, and many of them own their homes. You can't draw a line there, any more than you can draw a line between producers and consumers."

"There is in fact an identity of interest between railroad workers, say, and the owners of railroads. But there has been no way of expressing the identity. That was one reason why the the notion of class division spread. There was no way of talking man-to-man about questions. The brotherhood includes men from 2,700 railroads, but when there was trouble of any sort on any one of these roads, the owners were inaccessible to us. They were to be found in Wall Street. Wherever the road, the men we wanted to see were in one of thirteen great groups right here."

"It was a case of absentee ownership. Some operating official out west or up north or down south, who had nothing in view but to make a record for himself, was the man we had to deal with. Maybe shop conditions didn't matter so much to him as economy. They might mean life and death to engineers who had to take out locomotives badly repaired. You can't hire efficient labor at low wages. But we were cut off from the men who had the prosperity and well-being of the roads really at heart, and who might have listened to economic common sense."

"So we decided to 'buy into' Wall Street. Now we can sit at the same table with these men and talk things over."

"That was the chief reason for coming into the Empire Trust. Another was that it

lopped two decades off our banking calendar. With the best of conditions it would have taken us twenty years to establish such a bank as this and build it up to such resources and prestige as the Empire enjoys."

Just to show that the brotherhood isn't afraid of Wall Street, it joined hands not long since with the National City Company, a subsidiary of the biggest financial institution in this country, in a \$3,000,000 bond sale.

The bonds were issued in 1922 by the International-Great Northern Railroad in

after he had discussed this transaction, deprecated long-distance forecasts of what might happen.

"Railroads are a transitory phase," he said; "in another twenty-five years they may be obsolescent."

Now, Mr. Stone is a conservative man. If you try to lead him into glowing predictions he throttles you down and applies the brakes. He doesn't even regard labor banks as anything out of the ordinary. There have been farmers' banks and banks for mine-owners and banks for shippers and so on; why not a bank for workers? So that his phrase about railroads was startling.

"It must be apparent to everybody," he remonstrated in reply to my startled inquiry, "that aerial transportation will supplant the railroads. You can haul a ton of brick as cheaply now by air as by rail. When a machine gets off the earth it escapes the frictions which wear out rolling stock. Friction is the main factor in the cost of transportation. It causes more rapid deterioration, and that deterioration goes into rates. The only important question now remaining to be solved in regard to passenger and freight transportation by air is the question of rising and landing. And that is bound to be solved sooner or later."

"There is nothing revolutionary in saying that railroads are a passing phase. When they pass, the air workers will be organized, just as the railroad workers are now. That is our main interest in it. But it is beside the question of banking."

So I asked Mr. Stone what labor banks expected to accomplish.

"Well, aside from this thing of being able to talk to the owners of plants on an equality," he said, "and in time

influencing them, the main advantages are that we encourage thrift among our men, advise them against unwise investments, and put their savings under their own control."

"We wanted to organize banks which gave a banking service pure and simple, without any feature of exploitation. We share profits with savings depositors."

"We used to suppose that there was something mysterious about the banking business. We have found that it's not much more complicated than running a grocery store. Of course we employ experienced men, just as a groceryman would employ clerks who knew grocery stocks. But we do not, like some bankers, want to be economic overlords."

Mr. Stone speaks of labor banks as "co-operative" and "profit-sharing." So do most men interested in them. As a fact no profit-sharing bank could be chartered under the Federal Reserve Act. The most that can be done is to share profits above a certain point with savings depositors. That is done in many instances. Profits above 10 per cent are distributed among the savings accounts, but

\$3,500,000


International-Great Northern Railroad Company

First Mortgage Thirty-Year 6% Gold Bonds, Series A

Dated July 1, 1922 Due July 1, 1952

Interest payable January 1 and July 1 in New York. Denominations \$1,000, \$500 and \$100.
Total Series A, 6% Bonds issued—\$20,000,000.

Redeemable at 107½ and interest as a whole, but not in part, on any interest date on sixty days' notice.



Earnings. For the year ending December 31, 1922, the International-Great Northern reported Total Operating Revenues of \$15,806,608, an increase of \$1,132,492 over the year preceding. The Balance Available for Interest, etc., was \$2,295,245, while the Interest on Fixed Charge Obligations was \$1,183,734, leaving a Balance Available for Interest on Adjustment Mortgage Bonds and other corporate purposes of \$1,111,511. Fixed Interest Charges were thus earned 1.94 times.

Price to yield about 6.35%

The issuance of these Bonds has been approved by the Interstate Commerce Commission and by the Railroad Commission of Texas. These Bonds are listed on the New York Stock Exchange.

The National City Company

New York

Brotherhood of Locomotive Engineers

Cooperative National Bank

Cleveland, Ohio

The information contained in this advertisement is based upon official statements and statistics. We do not guarantee, but believe it to be correct.

A Link Between Labor and Capital

Labor banks are multiplying and entering into combinations that command attention.

Texas. It was not an underwriting operation, therefore, between labor and capital, but a joint purchase. But for all that it was the first time such a thing had happened, Mr. Stone says, and so promises to become historic.

The Brotherhood's Cooperative National Bank of Cleveland, which is the strongest labor banking institution, with more than half the resources of all of them, was the party of the second part in the transaction; and through its investment company, the Brotherhood Holding Company, it will dispose of these bonds to railroad men, preferably men employed on the International-Great Northern.

If that happens the workers will become creditors of their employers. It is a safer expedient than stock-ownership, which means partnership, and it opens up interesting possibilities. Multiply the case of the International-Great Northern by 2,700 (which is a large factor, to be sure) and it is easy to see that workingmen, as railroad creditors, might take a keener interest in railroad prosperity, and might at the same time exercise a voice in railway affairs. But Mr. Stone,

so far 1 per cent has been the largest bonus.

A more important aspect of the Cleveland labor bank is its investment company. The Brotherhood Holding Company in Cleveland, capitalized at ten millions, includes among its subscribers Otto H. Kahn, F. A. Vanderlip, General George Goethals, Irving T. Bush and other "capitalists." It was through this agency that the Empire Trust deal was made. It was through this agency, at the beginning of the miners' strike in 1922, that 6,000 acres of coal lands in Kentucky and West Virginia were taken over, so as to give employment to strikers. They produced 2,000 tons of coal daily, for distribution through cooperative associations.

As yet the economic power wielded by labor banks is not large enough to be of great consequence during strike troubles. It may prove (for bankers are a conservative people) that they will exercise an influence for peace, rather than supply the sinews of industrial war. It seems not unlikely, indeed, since they are making their investments chiefly in the securities of great corporations (rather than in the paper of small friendly concerns, as was expected at first) that they may seek to use their power in favor of harmonious adjust-

ment rather than in favor of strife. As yet the movement is too young to be sure.

This article, which is limited in scope, has dealt with the brotherhood banks because they are the most powerful in the field. But they are not the only ones, nor were they the first. The Mount Vernon Savings Bank of Washington, D. C., organized by the International Association of Machinists, was the pioneer. It now has resources of nearly three millions. Even Tucson, Ariz., and Three Forks, Mont., have their labor banks. Mr. Stone says all organized labor will join the movement. The B. L. E. now has eight banks in operation, and another may be opened in Boston before this is published.

The depositors in these banks are not merely union members. All classes of workers and many professional men help support them, but stock ownership is limited to union members. In most cases growth has been rapid. The Cleveland Brotherhood bank, with initial resources of \$650,971, grew at the rate of about a million a month. In the first nine months the deposits of the Amalgamated Bank of New York jumped from less than a quarter of a million to more than two and a quarter millions. Leaders in the movement

predict that the combined resources of the banks will pass \$150,000,000 this year.

Watch 'em grow! And (say, experienced bankers) watch 'em learn!

For one of the chief difficulties of the industrial relations problem has been that labor took no account of the risks and responsibilities of capital. The soap-box orator who declares that to the producer (meaning the worker) belongs the full price of the commodity will get a different hearing from those who have learned, through experience in the management and sale of credit, that many factors besides labor enter into production.

The workman will learn through the banks in which he is a partner something about the difficulties which beset his employer; and the employer, if he has been given to unfair methods, may learn that unfair methods, where they depend upon credit control, are no longer practicable. The labor bank may prove a bridge between the extremists of both wings. To those who look more sensibly upon their common problems, it may prove a high school. But it is not likely, from present indications, to become, as some alarmists said at first, a war chest, a golden board of Spandau.

Where Can I Park My Car?

By FRED C. KELLY

ONE OF the great middle western cities widened and extended a street to provide another main route free from car tracks, for automobile traffic. This soon became the most popular thoroughfare between the largest high-grade residence district and the downtown business section. The outlying part of the street had contained substantial homes, apartments and a few little shops. Property-owners assumed that the greater activity on that street would boom values of their real estate. Soon they faced several surprises. Neither stores nor dwelling places attracted the increased rent that had been expected.

"I can't afford any more rent," said one storekeeper. "It's not easy to keep what business I've got, for people dislike to park their autos in front of my place even when there's room, because of the constant danger of having their fenders bumped by passing cars. I'd be better off on a quieter street."

Dwelling houses on one side of the street brought more rent than those on the other side. The reason was not at once evident. Inquiry flushed the explanation that on the higher-renting side it was not necessary for children to cross the street in going to school.

Even a casual observer must have noted that traffic is forcing the business sections of all large cities to something revolutionary. One may get an idea of how much worse traffic necessarily must be than even a year or two ago, when he pauses to consider that one-fifth of all the automobiles made since the industry started in the United States were made last year. At least two-thirds of all cars now registered were made within the last five years.

All sorts of traffic schemes for relieving congestion in the great shopping centers have been proposed, from double-decked streets to barring all automobiles from parking space in these business sections. Such plans, while drastic, are by no means so revolutionary as the thing more likely to happen, which is, that the average large city may no longer have a great retail shopping center as its heart. Instead of trying to have all its big stores in

one place, the city of the future will have its retail business decentralized.

Who, you ask, will force the stores to scatter? They will do it themselves—to avoid starvation. As traffic gets worse in the big centers, shoppers will be less and less inclined to go there but will buy everything they can in outlying stores. Shops surrounded by the hubbub of thick traffic will lose trade to those in quieter surroundings more conveniently reached. Already there are many indications that such a change in people's shopping habits is well under way. The *Chicago Daily News* says that one-third of its local retail advertising comes from stores outside of the big main shopping center in the loop district.

Plans are under way by one of the most successful department stores in another middle

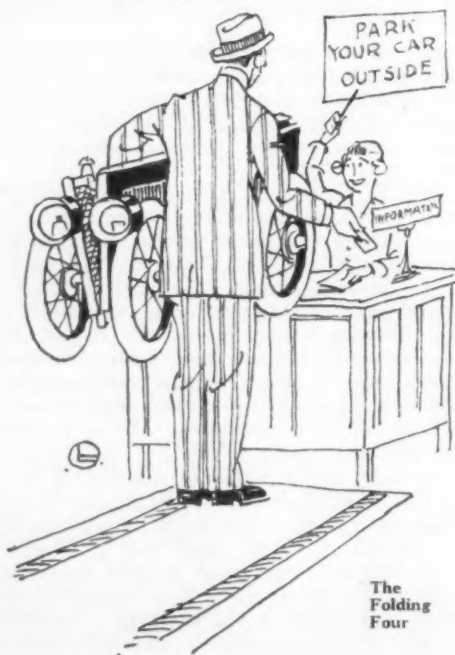
western city to abandon its present location in the thick of the retail center and move out two or three miles to a comparatively quiet section in the outskirts. What could be more radical or courageous in retail business than that?

This store is not, as often happens, merely following the crowd to a new retail section where more people will pass its doors. It is deliberately cutting loose from that part of town where shoppers' footsteps are still most numerous and going to a place where now there is no business except a few little neighborhood shops. The store will have its own parking space. Customers will be permitted to leave their cars just as long as they wish, and attendants will see that nothing in the cars is meddled with.

Careful investigation has convinced the proprietors of this store that they will gain far more trade from the shoppers who come by automobile than they will lose by being removed from the route of the downtown pedestrian who enters the store on the spur of the moment. Modern cities were laid out for the accommodation of a population that rode in street cars, and department stores were built to meet the convenience of street-car riders. Consequently the department stores as well as the big office buildings grew where most street-car lines converged. Today many a store has more customers who come by automobiles than by street cars.

A woman starts out in her inexpensive automobile to buy a yard of pink calico and to look at the bargains mentioned in a page advertisement in the morning paper. She must drive about for three-quarters of an hour in search of a vacant parking space. When she does find such a space within walking distance of the store, it is probably in such a congested area that a police sign warns her to park for "thirty minutes only." She hopes to buy her yard of pink calico and return within the allotted time, but bargains are alluring, and she stays in the store nearly two hours.

On returning to her auto, packages under her arm—the calico and two or three other items—she finds a card stuck in the throttle lever signed by the traffic policeman, re-



questing her to call at the nearest police station and leave \$15 collateral to avoid appearance in police court.

Women who have automobiles will not, if they can help it, use the street cars; and they dislike to be ordered to police court. The alternative is neighborhood shops in the suburbs. Perhaps business men in outlying districts of almost any large city would exhibit imagination and worthy commercial instinct if they were to organize and buy vacant ground for parking space for their common benefit.

Not even the beauty of Fifth Avenue is sufficient to reconcile people to the battle with traffic and congestion. I used to derive much pleasure from walking up and down Fifth Avenue and looking at the shop windows. But now when in New York I either avoid Fifth Avenue or else board a bus, slow as it is, rather than have to stand at every corner to wait for the crosstown automobile current. A stroll of ten blocks with at least five or six irritating delays seems like a day's work.

There must be many shoppers who find walking on Fifth Avenue equally distressing, for I notice high-grade little shops springing up both east and west on nearly every cross street leading from the busiest part of this

main shopping thoroughfare. In short, New York's shopping center is being spread thinner. They are doing it not by order of the police,

but on the shopkeepers' own initiative, in their search for business salvation. Which reminds me that one successful department store has for many years remained in a former retail center from which all the other big stores have fled. Perhaps the comparative quiet is now an asset.

In all large cities either one of two things must happen. The stores must scatter, or else automobiles must be kept entirely away from the shopping section during the busy part of the day. Store proprietors are doubtless influential enough to force such traffic regulation. But it is unlikely that this will ever be done. The city of Washington during a big convention a year ago served as a test for such a plan. For two or three days automobiles were barred from certain downtown streets. Immediately there was such a scarcity of customers in stores that their proprietors hastily held a conference and asked that the traffic ban be lifted.

Even apart from stores, the decentralizing of cities is under way. A new office building in Washington, several blocks from the business center, is filled with tenants who say they are willing to pay as much rent as they would in the congested area and really prefer this new location, because they are near parking space for their cars.

This prompts the question: Is there now any reason why all the biggest office buildings should be huddled together in one locality? A large building on one of the busiest corners in Cleveland is rented largely to architects and others in the building trades. These draw clients whose automobiles, parked along the curb, add to the traffic difficulties.

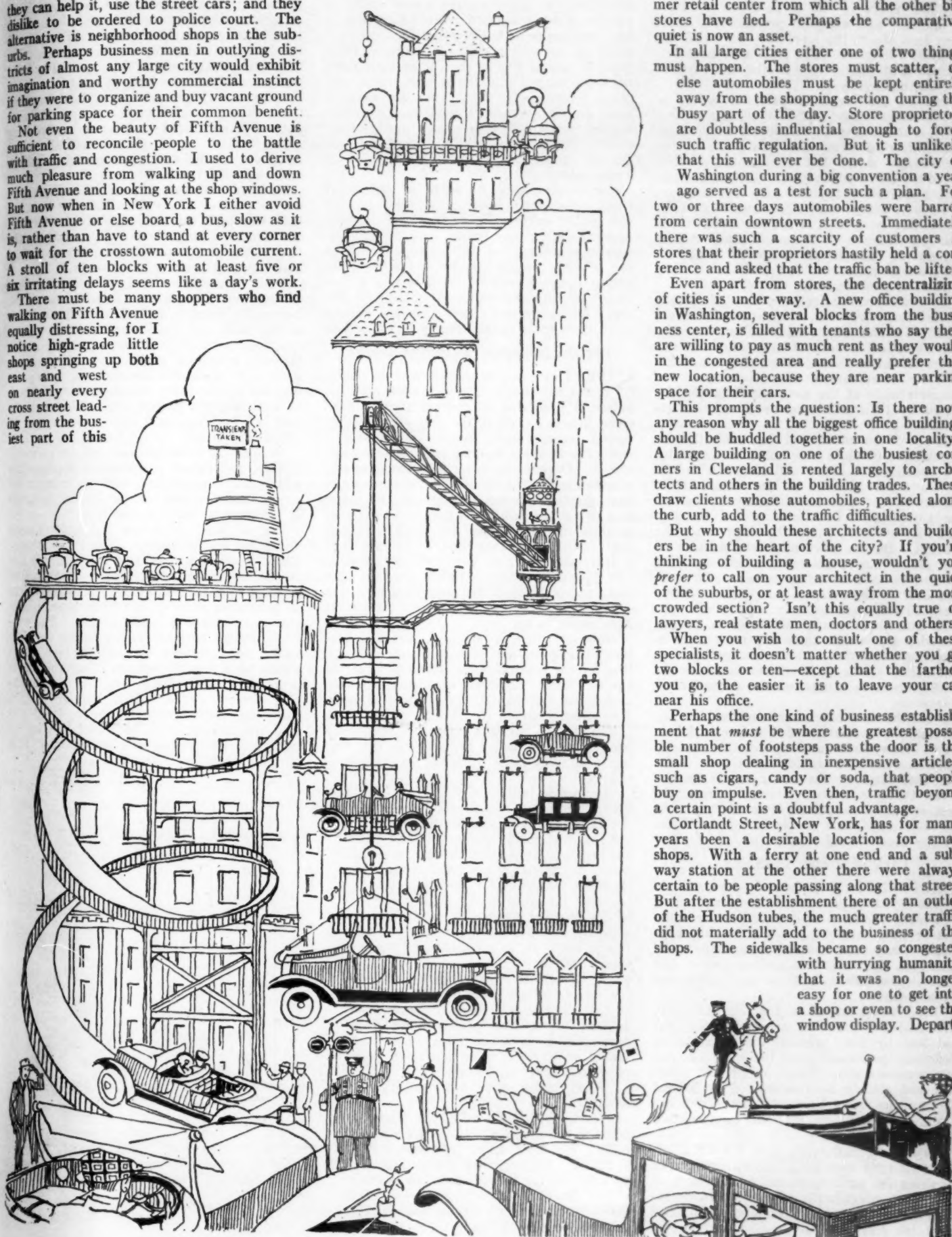
But why should these architects and builders be in the heart of the city? If you're thinking of building a house, wouldn't you prefer to call on your architect in the quiet of the suburbs, or at least away from the most crowded section? Isn't this equally true of lawyers, real estate men, doctors and others?

When you wish to consult one of these specialists, it doesn't matter whether you go two blocks or ten—except that the farther you go, the easier it is to leave your car near his office.

Perhaps the one kind of business establishment that *must* be where the greatest possible number of footsteps pass the door is the small shop dealing in inexpensive articles, such as cigars, candy or soda, that people buy on impulse. Even then, traffic beyond a certain point is a doubtful advantage.

Cortlandt Street, New York, has for many years been a desirable location for small shops. With a ferry at one end and a subway station at the other there were always certain to be people passing along that street. But after the establishment there of an outlet of the Hudson tubes, the much greater traffic did not materially add to the business of the shops. The sidewalks became so congested

with hurrying humanity that it was no longer easy for one to get into a shop or even to see the window display. Depart-



ment stores have a tendency to cling to one neighborhood. There are plenty of exceptions to the rule, such as the downtown New York store already referred to; but there is a belief that shoppers like to go from one store to another and compare prices. The more they look about, the more they buy, and this helps all the stores. One place may have better values in cloaks, while another has bargains in furniture and shoes.

One of the biggest department stores in the Broadway-and-34th-Street section in New York is about to move to upper Fifth Avenue. I'm willing to wager that the heads of the department stores left in the old locality noted the move with regret. They appreciate that stores close together help one another. Moreover, many small stores could not exist except for being near a famous store. It is like the sidewalk or lemonade stand near a big circus. People are attracted chiefly to the main tent but stop to spend their money at the lesser enterprises.

To overcome this tendency then of moving to less congested area, proprietors of certain kinds of stores might have to get together and agree on a sort of segregated district where all might move. Then they could afford to control ample automobile space for shoppers while at the same time drawing the crowd by their combined or cumulative attraction.

It should be understood that while the decentralizing of cities may solve in a measure the problems of stores and shoppers, it will by no means dispose of the whole traffic problem. The question of where to put all the automobiles, both moving and standing still, is one requiring the best scientific thought. But we have made the mistake of not giving the problem scientific analysis. Instead we have turned the whole traffic question over to the police. Now, police officers are good fellows, but surely nobody will contend that the average policeman is an engineering genius. Is there any more logic in expecting the police to solve the problem of automobile traffic than there would be in placing them in charge of the operation of railroads?

From the time cities were first laid out we have almost invariably failed to foresee future needs. New York was designed with the idea that the waterfront would be the main street and that most of the traffic would be between the two rivers. Hence the east and west streets were placed close together and the north and south streets far apart. Present-day needs would reverse this.

Lack of Proper Planning

SAN FRANCISCO in the early days was laid out by a city clerk whose engineering equipment consisted of a pencil and a ruler. Streets were routed according to this haphazard plan, regardless of hills, and many were built right over ten- and twelve-per-cent grades. One hill with 33-per-cent grade was actually paved!

"But," comments an engineering authority, "the real sin was that after the city was laid low by fire, political and commercial bickerings prevented even the most obvious improvements, even though an efficient street plan had already been developed by Daniel H. Burnham. San Francisco arose from her ashes, as before—an example of wholesale lack of cooperation."

We still let real estate men lay out allotments on their own initiative, without proper provision for park space and with streets of widths not scientifically adapted to traffic requirements. One city recently widened a street ten feet at great expense, and yet no

useful purpose was served, because the increased width was not quite enough for another row of automobiles.

Men are permitted to build skyscrapers of twenty or more stories where traffic is already most congested. But what has a high building to do with traffic? It has everything to do with traffic. It contains thousands of people who at the end of their day's work are poured into the streets. Two proposed buildings for New York are each to have an office space, I believe, for 14,000 people. In other words, these two buildings alone will discharge at the rush hour each evening enough people to tax the capacity of a new subway line.

Our streets have to serve a variety of traffic needs; not only must they provide for people on foot, in surface and sub-surface rail cars, motor busses, taxicabs and private automobiles, but they must also provide for delivery wagons, trucks and other commodity-carrying vehicles whose service is necessary to the inhabitants of abutting buildings. In the present chaos a surface railway often finds itself choked nearly to extinction.

Freight Impedes Passenger Traffic

STREET cars may be slowed down by poorly controlled traffic to a point where it no longer is profitable to operate them. Then come jitneys to add to the jam—though they cannot possibly carry human freight as economically as might be done by a street railway system. Does it ever occur to the average city administration that there is no more reason to have great trucks running through the center of a city at the rush hours than there would be to allow railroads to run their freight lines all over town to suit themselves? In few cities is there any provision even to allow automobile tourists to pass through town by any route except through the most congested area—the very place that the tourists themselves least desire to go.

However, there is hope. J. Rowland Bibbins, transportation engineer and formerly head of the transportation department of the United States Chamber of Commerce, declares that less than 20 per cent of the available street space in the average city is used.

The traffic problem may be adequately handled as soon as we are ready to quit trying to do it by guess work and by the rule of thumb.

"In nearly every city," says Mr. Bibbins, "people go back and forth between the heart of the city and their homes by one or two main routes. Where there are comparatively quiet though somewhat more circuitous routes easily available, these are seldom used. Even with one automobile for every family, which seems to be the number already in sight, there is room for all when traffic is properly routed. If one could sit in a balloon and make a survey of the traffic on our streets, it would be evident enough that except on a few streets we are using only a small part of the space at our disposal for vehicles. Instead of sending people home from downtown by a single main route, they should be scattered over perhaps a dozen or even a score of routes."

"What about downtown parking?" I asked.

"There again," he said, "we have not come to the problem with accurate knowledge. We don't know just how long it is actually necessary for the average man to leave his car in one spot. Department stores have no exact figures—as could easily be obtained by tagging and checking each customer—to show them how long

the average shopper remains in the store.

"I made a hasty study of the parking time of automobiles in a busy block in Indianapolis and found that only about half of them remained longer than half an hour. A substantial percentage of the others, however, were parked all day long. The city of the future will not only be decentralized; but long-time parking will be taken care of by large garages, many stories high, opening preferably on alleys. Such garages will be in the rear of more valuable buildings having street frontage. I'm convinced that when our parking space is wisely handled, there will always be room for all the cars of those who wish to make only brief stops."

Another observer, to whom traffic seems only a part of the problem of city building, questions both the optimism of Mr. Bibbins' last sentence and, even more seriously, the suggestion of "large garages, many stories high, opening preferably on alleys."

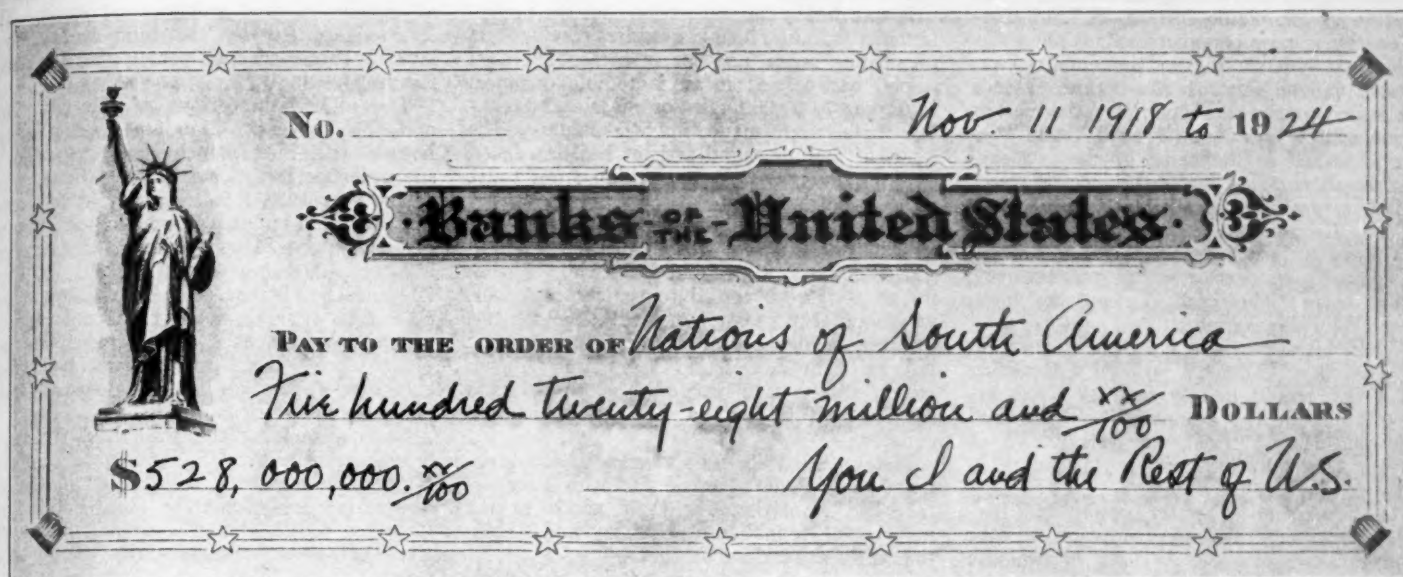
Both Mr. Bibbins and John Ihlder, head of the Civic Development Department of the National Chamber, believe that the solution of the traffic problem lies not alone in a more complete utilization of our present streets through rerouting traffic and in providing garages in block interiors for long-time parking, but by the more thorough-going measure of establishing a proper relation between the bulk of buildings and the street space on which they front.

So long as buildings may go to excessive heights, and extend to excessive depths, they will house a population sure to overtax the street facilities and render futile attempts at satisfactory traffic regulation.

Use of block interiors for auto storage space has its limitations, Mr. Ihlder thinks. Block interiors are valuable for lighting and ventilating the street buildings. They cannot be filled solid with high garages. Many blocks in downtown areas do not have interior open space available for large garages. The constant passing of automobiles across the sidewalks when leaving or entering the alleys would be a hazard and an inconvenience to pedestrians. Mr. Ihlder sees in the permissible limited use of block interiors only a palliation, not a cure. The cure is to prevent overconcentration of population by establishing the proper relation between bulk of buildings and street facilities.



A City American Dollars Helped Make



Since the Armistice more than \$528,000,000 worth of South American Bond Issues have been absorbed by the people of the United States, a five dollar investment for every man, woman and child in this country.

IF YOU have not invested five dollars in Latin American securities, then someone else has for you. Since the armistice, the people of the United States have absorbed more than \$528,000,000 worth of bonds issued by the nations to the south, a five-dollar investment for every man, woman and child in this country.

As this new tangible interest is reciprocated by a steady return-interest at an average rate of 8 per cent, there has very naturally developed with us a desire to know more about the great cities and countries of the other Americas.

"What city in Central or South America is growing most rapidly as an economic center?" is a question frequently asked.

And the answer almost always is "South America's Saint Paul," or the Brazilian city whose name is spelled São Paulo and pronounced "saho pow-lo." The story of its development in the last thirty years is an Arabian Nights' tale.

Founded in 1554, it didn't do much for three centuries. The official census of 1890 gave it a population of less than 65,000, while the last census showed 637,823. The American Consul officially estimates that the city now has passed the 700,000 mark and is going strong.

This brings São Paulo to the fore as a contestant for world honors. In the United States there are few cities that have made such leaps without "annexation" as an aid. Detroit had 205,876 in 1890 and climbed to 993,678 in 1920; Chicago jumped from 298,977 in 1870 to 1,698,575 in 1900, becoming almost six times its former size; but São Paulo is the real hustler.

São Paulo is overhauling Rio de Janeiro, the present holder of the title of metropolis of that Leviathan of countries—Brazil.

It was but natural that the city, situated fifty miles from the coast and cut off from it by a mountain barrier, should sleep for centuries. It was the breaking through of

THE fastest-growing city in America! And it isn't in North America; it's in Brazil. We sometimes think that the United States has a copyright on the word "hustle," but Sao Paulo has grown more rapidly than Detroit or Chicago in their "growingest" days. American money and American brains helped to do it. We send our dollars south on a business errand, and they come back multiplied in new business.—THE EDITOR.

By FRANKLIN ADAMS, F. R. G. S.

this range by a railway, a great exhibition of engineering skill, that liberated the city and the productive country beyond.

São Paulo is the capital of the state of the same name, which, with the exception of a narrow strip of land lying along the coast, consists of a plateau about 2,500 feet above sea level. The task of connecting the city with the port of Santos was undertaken by British capital and the line was opened for traffic in 1867.

The concession for the operation of the road was an exclusive one and the earnings have been enormous, but the government placed a limit on the dividends and much of the surplus has been reinvested in improvements. The São Paulo station—the "Luz"—is a magnificent terminal comparing favorably with the world's greatest railway stations. An American engineer, after inspecting this line, remarked that the only additional expenditures he could suggest would be for gilding the tops of the telegraph poles and carving the ends of the railway ties.

The bulk of the railroad's great earnings comes from the transport of one article—coffee. All the traffic originating on the interior railways of the state and especially on the red-earth tablelands, the great coffee-growing districts, has eventually to pass over this one road to the coast. As the coffee crop of the state for this season is estimated at 14,000,000 sacks of 130 pounds each, some idea can be formed as to the strain on

rail-capacity during the busy season. To relieve this strain a duplicate cable line now parallels the original road. And no wonder! This season's coffee crop in São Paulo could supply each of the one hundred and ten millions of us in the U. S. A. with seventeen pounds of coffee. Sixty per cent of the world's coffee supply comes from the state of São Paulo. São Paulo's deep-red soil is ideal for its growth. The altitude rendered unnecessary the planting of other trees to serve as shade, while the

quality of the soil guaranteed heavy production. It was this faith in the advantages possessed by São Paulo as a coffee region over all rival lands, that caused the Paulistas to act as fairy-godmothers to other coffee-growing countries, by taking the initiative in making the valorization plan effective.

Realizing that their broad plateau possessed a tailor-made climate for colonists from central and southern Europe, the Paulistas proceeded, by practical means, to attract them. Free transportation was offered to those who would settle on the land and develop its resources, the land to be paid for in ten annual installments.

The propaganda was a success, and today this Brazilian state's population of 4,600,000 is over half European-born, or descendants of Europeans. Of these, 900,000 are Italians, 300,000 Spaniards, and over 200,000 Portuguese. The birth rate is vigorous, over forty per thousand per annum.

While São Paulo is not rich in deposits of coal or oil, it possesses in marvelous abundance water at altitudes that permit the generation of hydro-electric energy in enormous quantities. That there is 3,000,000 H.P. available in the streams of the state is a conservative estimate.

It was an American engineer, Frederick S. Pearson, who liberated the latent power that has proved such a factor in the upbuilding of São Paulo and Rio de Janeiro.

Pearson, who lost his life on the Lusitania,

was one of the world's greatest engineers. His courage and talent gave bountiful supplies of hydro-electric energy to Barcelona, the Mexican capital and the cities of Brazil. In the state of São Paulo 250,000 H.P. of electric energy is now being utilized.

The first electric car in the country was operated in the city of São Paulo. Bonds were issued to provide capital for the electrification of the line and the word "bond" became identified as the name of the new system. In all parts of Brazil the electric street car is known as the "bonde."

It was Canadian capital that backed Pearson's Brazilian developments. In São Paulo the company, under American management, is known as "The Light," supplying light, power and trolley service.

It has been one of the great factors in São Paulo's phenomenal growth. Realizing that a new record in city expansion was being established, the company's officials laid track and strung lines well in advance of the need, their linemen and motormen practically conquering the forest.

The harnessing of water power has permitted not only the electrification of the steam railroads and the smelting of iron ore in electric furnaces, but the building up of a manufacturing industry which has already

leaped to second position in importance in Latin America and is destined to make São Paulo one of the leading creative centers of the hemisphere.

It was during the war period that the newly-founded manufacturing impulse received its forwarding boom, and the momentum it then gained has carried it an incredible distance. Last year 7,000,000 pairs of shoes and 2,000,000 hats were made in São Paulo. The range of manufactured articles has broadened until it covers almost everything from toilet articles to tractors.

It is, however, in the textile industry that amazing heights are reached. With cotton grown so near the spindles and looms that it can almost be tossed to the factory door, we should expect an industrial development, but are hardly prepared for the news that last year in São Paulo there was enough cotton woven into yard-wide cloth to band the earth four and a half times at the equator.

Not satisfied in supplying a national demand, São Paulo's textile factories have established a market for their goods in the neighboring republics of Uruguay and Argentina and are reaching farther.

The public buildings are notable, representing large expenditures of capital. The Opera

House, erected by the municipality and opened in 1911, is one of the show buildings of the continent. The State Capitol, Public Library, the new Post Office, and the two newer hotels, all possess marked architectural merit. The Trianon, owned by the municipality, is a lavishly furnished civic center used for public functions.

The industrial sections of the city, Brazil and Moóca, have modern factories and houses with but few chimneys in evidence, since electric power is in universal use.

The year 1923 found the city in the throes of a life-sized building boom, the total number of plans approved by the municipality averaging over 400 a month to June 30. July had 500 and the average since that date has been 600. The building activity has not been restricted to residences, but includes buildings eight stories high, while plans have been submitted for approval of buildings of twelve and fourteen stories.

In road-building the state has established a new record, over 700 miles of improved highway having been constructed in the last two years. In October the Third Public Road Congress convened in the capital, representatives of various municipalities of the state being present to perfect plans for a united effort to carry on road construction.



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THE LIMA & ARROYA RAILWAY OVER THE ANDES

From the United States came the locomotives, cars, bridges, rails and the first engineers for this road. It is only eight degrees from the equator, but the peak is 22,000 feet above sea level. Many of the public utilities in South American countries are financed with United States funds.

When Plymouth Tried Communism

FREDERICK A. DELANO read the article by Jacob H. Rubin, called "Russia Ended Socialism for Me," in the February issue and wrote to us—"I do not know whether you are familiar with some brief but very pungent comments in the diary of Gov. William Bradford." We took his suggestion and investigated with this result.—THE EDITOR.

IN THE year 1623 food supplies were running low in Plymouth plantation. The land was held in common, and all able-bodied settlers were expected to give a part of their time to tillage, or to preparation of the grain for food. That communistic experiment failed to meet the needs of the settlers—the industrious sustained the indolent, and families were embittered one against another by the unequal division of labor imposed by the uneven qualities of human nature. Ways and means were discussed for putting the plantation in better case. The governor, with the counsel of other important men, decided that every man should plant his own grain, and should look to his own resources for its cultivation. Of the emergency, and the modification of land tenure to meet it, William Bradford, sometime governor, wrote in his pamphlet, "History of Plymouth Plantation":

All this while no supply was heard of, neither knew they when they might expect any. So they began to thinke how they might raise as much corne as they could, and obtaine a beter croke then they had done, that they might not still thus languish in miserie. At length, after much debate of things, the Gov[ernor] (with the advise of the cheefest amongst them) gave way that they should set corne every man for his owne perticuler, and in that regard trust to them selves; in all other things to goe on in the generall way as before. And so assigned to every family a parcell of land, according to the proportion of their number for that end, only for present use (but made no devisiion for inheritance) and ranged all boys and youth under some familie. This had very good success; for it made all hands very industrious, so as much more corne was planted then other waise would have bene by any means the Gov[ernor] or any other could use, and saved him a great deall of trouble, and gave far better contente. The women now wente willingly into the feild, and took their little ones with them to set corne which before would aledg weaknes, and inability; whom to have compelled would have bene thought great tiranie and oppression.

Edward Winslow in his "Good Newes from New England," published in London in the year 1624, says:

The determination to alter the manner of using the land was taken in the month of April, and at the time of corn planting. The settlers had little but the corn required for seed. . . .

Plymouth soon discovered that Plato's ideal community was insuperably difficult of translation into practice. Plato admitted that human ills could not be cured until the philosopher moved into the city, but for him there still remained the vision of "friends" and "saviors," rather than "lords" and "masters." The inherent defects of the common owner-

By R. C. WILLOUGHBY

ship of property have place in Bradford's comments:

The experience that was had in this common course and condition tried sundrie years, and that amongst godly and sober men, may well evince they [the] vanitie of that conceite of Platos and other ancients, applauded by some of later times; that the taking away of propertie, and bringing in communitie into a common wealth, would make them happy and flourishing; as if they were wiser than God. For this communitie (so far as it was) was found to breed much confusion and discontent, and retard much employment that would have been to their benefite and comforte.



For the yong men that were most able and fitte for labour and service did repine that they should spend their time and strength to worke for other mens wives and children, with out any recompence. The strong, or man of parts, had no more in devisiion of victails and cloaths, then he that was weaker and not able to doe a quarter the other could; this was thought injustice. The aged and graver men to be ranked and equalised in labours and victails, cloaths, etc., with the meaner and yonger sorte, thought it some indignitie and disrespect unto them. And for mens wives to be commanded to doe servise for other men, as dresing their meate, washing their



cloaths, etc., they deemed it a kind of slavery, neither could many husbands well brooke it. Upon the poynte all being to have alike, and all to doe alike, they thought them selves in the like condition, and one as good as another; and so, if it did not cut of those relations that God hath set amongst men, yet it did at least much diminish and take of the mutual respects that should be preserved amongst them. And would

have bene worse if they had been men of another condition. Let none objecte this is men's corruption, and nothing to the course it selfe. I answer, seeing all men have this corruption in them, God in his wisdom saw another course fitter for them.

Under individual ownership a form of trade developed with grain the medium of exchange. Men who had put their labor into their lands were inclined to desire a continuance of tenure, and to resent a new assignment of less profitable lands, nor were they likely to approve the taking of their own well-tilled tracts by the less diligent of their fellows. Of the new form of tenure and its results, Bradford writes:

And before I come to other things I must speak a word of their planting this year; they having found the benefite of their last years harvest, and setting corne for their perticuler, having thereby with a great deale of patience overcome hunger and famine. Which makes me remember a saing of Senecas, Epis. 123. That a great parte of liberty is a well governed belly, and to be patiente in all wants. They began now to prise corne as more pretious than silver, and those that had some to spare began to trade one with another for small things, by the quart, potle, and peck, etc.; for money they had none, and if any had corne was preferred before it.

That they might therefore increase their tillage to better advantage, they made suite to the Gov[ernor] to have some portion of land given them for continuance, and not by yearly lotte, for by that means, that which the more industrious had brought in to good culture (by much pains) one year, came to have it the nexte, and often another might enjoy it; so as the dressing of their lands were the more sleighted over, and to lese profite which being well considered, their request was granted. And to every person was given only one acre of land, to them and theirs, as nere the towne as might be, and they had no more till the 7 years were expired. The reason was that they might be kept close together, both for more saftie and defence, and the better improvement of the generall employments. Which condition of theirs did make me often thinke, of what I had read in Pline of the Romans first beginning in Romulus time. How every man contented him selfe with 2 acres of land, and had no more assigned them. And chap. 3, It

was thought a great reward to receive at the hands of the people of Rome a pinte of corne. And long after, the greatest presente given to a Capitaine that had gotte a victory over their enemies, was as much ground as they could till in one day. And he was not counted a good, but a dangerous man, that would not contente him selfe with 7 acres of land. And also how they did pound their corne in morters, as these people were forcte to doe many years before they could get a mille.

Drought intervened to ruin the crop of 1623, and the harvest of that year commanded a high price. Because of those circumstances, the planters sought a more permanent tenure of their plots, and "the grant of a single acre for each head of population constituted a further stage in the development from the community system of cultivation to full private ownership of the land," which followed.

Forty Meanings for F.O.B.'s

By GEORGE CARY

EVER since the confusion of tongues at Babel, the rise of world trade has borne a close relation to the growth and spread of languages. As civilization spread and men's needs grew, they learned new trades to meet these new needs. And, as they invented new things, they had to make up new words with which to name them, as well as new nouns and verbs to describe the acts and methods used in producing, buying and selling these new things. Modern distribution alone has built up an international vocabulary of *f.o.b.'s*, *c.i.f.'s*, etc., used by shippers around the world.

More recently the motor car, the airplane and radio—to say nothing of golf and mah jong—have thrust into use a torrent of new nouns and odd-sounding verbs, still unintelligible to millions, yet already established in our speech.

Head-hunters of Formosa, to trade with the Japanese, used to sneak down at night from their mountain homes and pile their crude goods at the edge of the camphor forests. When daylight came, the Japanese would appear, size up what the savages had offered, and then leave a pile of their own wares representing what they were willing to give for the natives' product.

Next night, the head-hunters would return to appraise the Japanese offering; if satisfied, they'd take away the pile of Japanese goods and leave their own in payment. Or, if they found the Japanese offer too small, they'd

carry part of their own goods back again. Thus, eventually, a trade was made without either party to it ever having seen the other or communicated with him except by this clumsy, silent barter.

By this plan it could take days for the head-hunters to trade a few pounds of forest products for a pile of cheap Japanese pots and knives, for an old tradition insisted that each should kill the other on sight, and they had no common speech in which to make peace.

So trade is easiest when merchants can use the same language. If Canada, for example, should wake up some morning knowing only French, our traffic with her would be paralyzed; even with translators and interpreters mobilized, trade would still limp badly. Even all our magazines, books and shows would have to cease circulating in Canada. No longer, probably, would Canada remain—as she now is—our best foreign customer.

On the other hand, ships and traders have had much to do with the spread of languages over the earth. And commerce has spawned its own argot, groups of "trade terms," partly abbreviations, partly slang, yet curiously useful wherever goods are bought and sold. As every Yankee salesman knows who "makes the Far East," the average native merchant in any China coast town can close a deal in "Pidgin English"—just as our traders in the South Seas buy and sell with the islanders there in that odd trade language called *Beach-la-Mar*—the "slanguage" of Polynesian commerce.

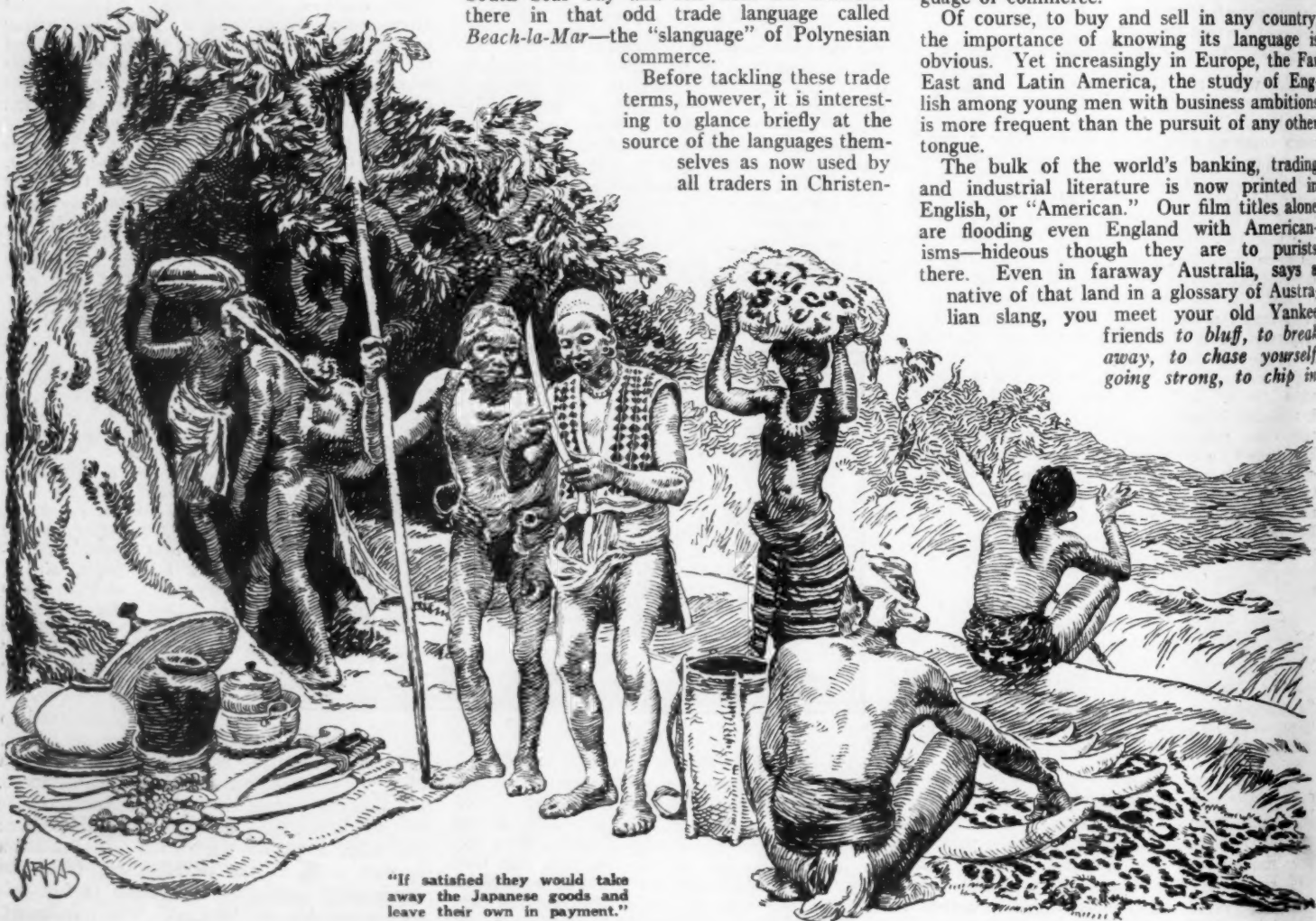
Before tackling these trade terms, however, it is interesting to glance briefly at the source of the languages themselves as now used by all traders in Christen-

dom. At Babylon I saw a bill of sale 5,000 years old. It had covered a shipment of poultry from a man in ancient Nineveh. Written in hieroglyphics it was, on a clay tablet, and then baked. From these cultured pagans of old Babylonia, and from picture-writing used along the Nile, the early Phoenician traders took some straight and curved lines and made an alphabet of 26 letters. To this day you, as well as your German, French, Spanish and certain other correspondents, use much the same old Phoenician abc's in writing business letters. From these Phoenicians, first of all oversea traders, the merchants of today inherited that amazingly simple medium through which all the trade transactions of America, Europe and much of the rest of the world are now carried on.

These original signs, with one or two additions and omissions in various languages, now form the written language of more than half the nations. Through their use Spanish and Portuguese became the trade language of all Latin America. Probably over 50,000,000 people today do business in the Spanish language; a slightly larger number use French. German carries on the trade transactions of probably 75,000,000. But English leads them all. Today nearly 200,000,000 of the world's inhabitants buy and sell in the language we use. Our own rapid growth in population and migration from the British Isles to overseas regions helped English to spread faster than any other tongue. Along the China coast, in the Philippines, India, Egypt, it is the language of commerce.

Of course, to buy and sell in any country, the importance of knowing its language is obvious. Yet increasingly in Europe, the Far East and Latin America, the study of English among young men with business ambitions is more frequent than the pursuit of any other tongue.

The bulk of the world's banking, trading and industrial literature is now printed in English, or "American." Our film titles alone are flooding even England with Americanisms—hideous though they are to purists there. Even in faraway Australia, says a native of that land in a glossary of Australian slang, you meet your old Yankee friends to bluff, to break away, to chase yourself, going strong, to chip in,



"If satisfied they would take away the Japanese goods and leave their own in payment."

to sign on the dotted line and to chew the rag. "Indeed," says H. L. Mencken in his "American Language," "the common trade speech of the whole Pacific tends to become American rather than English."

By our help more than 1,000,000 Filipinos now know something of English. Spanish is dying out in our own southwest, and "promises to meet with severe competition even in some of the newer parts of Latin-America," says Mr. Mencken. On a late trip through Panama and Porto Rico I was amazed at the wide use of English in those countries.

"There is scarcely a merchant ship-captain of whatever nationality who does not find some acquaintance with English necessary, and it has become, in debased form, the *lingua franca* of Oceania and the Far East generally," says one writer.

It has been estimated that three-fourths of all the world's mail is now addressed in English; more than half of all newspapers are printed in it; and in another 75 or 80 years more than a billion people will use it.

With the growth of English as the vehicle of the world's commerce, trade terms and abbreviations tend to increase in numbers and use. Some of these more common terms have been borrowed by continental countries and often modified in form and meaning. These modifications constantly cause bankers and traders much confusion, and costly disputes frequently follow.

To help trade, by making the use of these terms easier and safer, the International Chamber of Commerce lately made a world survey and printed a handy book called "Trade Term Definition."

Take our old friend F.O.B. He's well known and easily understood here at home. His kinfolks in Asia or Africa, however, though they spell their name the same, often disagree widely with their American cousin. This difference in meaning, or difference of opinion between buyer and seller as to what f.o.b. means in a particular deal, often occurs in trading with a foreign country even as close to us as Canada. A letter from a firm in Saco, Maine, says:

We just shipped some goods to Canada, and a misunderstanding resulted. We quoted our customer on some material a price of \$1 each f.o.b. cars Quebec, intending to pay the transportation charges as is the custom in the States. They accepted our quotation f.o.b. cars Quebec, and the goods were shipped by prepaid freight. The Canadians paid for the goods, in full, but three weeks later sent us a bill for duties and taxes. "As we understand that f.o.b. never includes duties, it would seem . . ." etc.

Answer: Contract of sale was f.o.b. *destination*; therefore, the seller must pay duties and taxes.

It was to help decide just such disputes as this that the International Chamber made its wide study. In all the f.o.b.'s on earth are shaken down and made to show what they mean, whether used in France, among the Czechs, or down in Australia. In the same way other globe-trotting trade phrases and abbreviations, like f.a.s., c.i.f., f.o.r., c. and f., etc., are tracked to their lairs in foreign lands and made to show, in plain English, just what they stand for. The definitions are simple, and the tables easy to understand.

Here is a typical f.a.s. query, as it came to the United States Chamber at Washington:

New Orleans, Feb. — We bought from importers 1000 sacks of Brazil sugar at a fixed price in bond f.a.s. steamer New Orleans, sellers to make customs entry without cost to us. The shipment was made in our name for export; and we engaged to obtain the return of the landing certificates; but nothing was said as to who should bear the cost of getting these papers back; and upon our billing same to sellers against their delivery, they declined to pay for the cost on the ground that it was not customary for the seller of goods in bond to do so. We contended that the price f.a.s. steamer meant that the goods were free of all further expense to us so far as customs formalities went, and that we were only liable for any charges necessary to put the goods aboard ship and to convey them to Tampico. Who is right?

Continually, the United States Cham-

endeavored, by choosing the terms in most general use, and setting out definitions in as nearly parallel a form as possible, to enable business men not merely to ascertain the precise meaning of a particular term in a given country, but also to see clearly what, exactly, are the points of similarity and the points of divergence between the generally adopted practice in each country.

This little book—unsung by publishers and reviewers—is yet of vast importance to every banker, shipper and merchant active in foreign commerce. Probably in all the history of commerce no such united effort was ever made among international traders to promote trade-language understanding and to avoid



Babylonian
Bill of Sale
5,000 years old.

trade disputes among merchants of different countries.

Even the practices in Japan are analyzed and definitions given for world trade terms

that have been adopted by Japanese merchants—though their own language is, of course, not based on the 26 characters common to French, English, etc. However, since few outside merchants ever learn Japanese, the Japanese export and import firms must necessarily do foreign business in a foreign language—and English is generally used.

And, as in Japan, along the China coast and around to Egypt, so also even in Turkey now the speech of the business world is coming to be English. Until a few years ago Bagdad traders, if they used any foreign tongue at all, commonly bought and sold with the aid of French. But since the war, and the British occupation of Iraq, thousands of Arabs have begun learning English. Gradually, then, English has encircled the globe. A fascinating thought this, that after all these centuries, the greatest traders of the modern world should carry their language—its words spelled with 26 letters—right back to where these characters were first formed and used, right back to where the poultry man of Nineveh sold his chickens to the commission agent in Babylon—who scratched a receipt on a cake of mud.

ber gets questions like these from all over the map. Here is a typical one, from San Francisco, involving insurance on goods sold c.i.f.:

We sold certain mdse. to Cuba, at c.i.f. price; and when the goods arrived, the buyers at Havana refused on the grounds that the insurance did not cover theft or pilferage. We understand that c.i.f. means cost, freight and marine insurance if not otherwise specified. We would like your opinion, etc.

To find facts for answering questions like these, in its "Trade Term Definitions," the International Chamber worked through national committees representing 13 leading nations active in foreign commerce. This book holds over 100 pages of trade term definitions, as approved by these national committees, and also shows—by comparative tables—the difference in abbreviations and meanings of trade terms in various lands.

The committee is aware [says the book] of the difficulties that stand in the way of the adoption of uniform terms with uniform significations; it has realized that such uniformity would involve modifications in commercial practice and the legislation and jurisprudence of the different countries. But it has

The NATION'S BUSINESS

Published by the Chamber of Commerce of the United States

MERLE THORPE, Editor

Washington

June, 1924



A Program and a Lesson

THE GOVERNMENT budget is the key to the economic condition of Germany. Maintenance of budget equilibrium in Germany is indispensable, if there is to be economic restoration. These propositions are accepted as axiomatic by the committees which on April 10 reported to the Reparations Commission and on which American business men occupied prominent places.

The means for such a restoration the committee which considered the economic situation found in existence. To permit them to be utilized the committee turned its attention to the government's budget and kept its attention focused there. If the committee could devise ways to get the budget to balance, it could provide for the stability of currency, and forthwith many of Germany's internal troubles would vanish.

But how to provide a budget that would balance, and stay balanced, and at the same time permit payments on reparations account was the real nub of the problem. Payments are urgently needed by France and Belgium. A perfectly reasonable and business-like plan was formulated to meet this requirement for substantial funds at an early date, without upsetting the balance of the budget, and a further plan was stated in business-like terms and on a business-like basis for the purpose of indicating in figures exactly how much in later years Germany can pay each year on account of reparations without throwing the budget out of balance and starting the tremendous train of evils all over again.

That was how things stood on May 1. Committees of business men who have proved experience in dealing with large affairs had devoted several months to intensive study of an essentially business question and deliberately and unanimously had worked out the answer, which they carefully set down on paper. That answer goes to the heart of the greatest problem left by the war.

The report is a great document, not only on its merits in dealing with the questions which were under examination, but for its value in restating for all the world to read the essentials and the conditions of sound government finance, not only in Germany but in any country. The lesson of a balanced budget, and of the necessity of curbing public expenditures that it may stay balanced, is restated at a very opportune time.

Trade's Mountains and Valleys

AVERAGES do not mean a great deal, in philosophy or in business. The "average man" of whom persons of philosophical bent sometimes descant and "average earnings" among the concerns in a business are mental abstractions in equal degree.

This moral is brought home again by a report of the Federal Trade Commission on the wheat-flour milling industry. According to the report, 108 milling corporations on the investment devoted to milling had an average rate of net profit of 14.8 per cent in 1920 and an average rate of 1.6 per cent in 1921. Such figures suggest that all flour millers were sitting together "on top of the world" in 1920 and in 1921 had unanimously tumbled from their high estate and were clinging together on

the same precarious ledge over the abyss of business oblivion.

Things do not work out that way in everyday life, the report subsequently records. Among the individual companies there was a wide range. In 1920 the range was from a deficit of \$1.4 per cent to a profit of 49.2 per cent. These figures look more real. They at once suggest the struggle which every business man knows, to keep from being the unlucky chap with the loss of half his capital in one year, and every business man who takes his business responsibilities seriously is forthwith convinced that the company which recorded the best figure attained its result by reason of planning and foresight of a most admirable kind.

In 1921 the value of foresight, knowledge, and care was even more evident, for the high point of earnings declined only to 44 per cent. On the other hand, lack of the qualities which are required in business appeared strikingly in the results; the other extreme in the range showed a loss of 72.6 per cent.

More Farm Stuff Goes Abroad

AGRICULTURAL exports in the eight months ended with February reached a value of \$100,000,000 over the value for the corresponding period of last year, the Department of Agriculture declares. Exports of grains and sugar continue definitely to lag behind the figures of last year but cotton and tobacco show marked increases, and there are increases in meats, canned milk, and apples. Meat exports were 14 per cent larger than in the corresponding portion of last year, with lard, hams, fresh pork and tallow leading in the advance. Condensed and evaporated milk and apples have done even better than meats, going abroad faster by 70 to 125 per cent than in the preceding year.

Reforming the Ruble

THE PRINTING press stopped turning out Soviet rubles in Russia on February 15. In four years the Russian printing press had reduced the real value of all currency in circulation by two-thirds. That always has been the way with a printing press as a money-making machine. If any Russian thought the new regime could by ukase cause new economic laws to come into existence he has been rudely disillusioned.

Russia now has a currency backed by a reserve—to be sure, a medley of gold, foreign currencies, securities and merchandise, but still a reserve—a limited new fractional currency like our greenbacks in that the notes are mere official promises to pay, and small fractional currency in silver and copper. It is to be hoped that the allurements of the printing press will not again beguile the present rulers of Russia.

The Serbs Will Pay—If and When

SERBIA was the seat of the first events in the European War. It is now a part of the Kingdom of the Serbs, Croats, and Slovenes. A commission of the kingdom has been in session with our World War Foreign Debt Commission over the \$61,000,000 due our Government. The negotiations resulted in an exchange of statements—on the part of the kingdom that with the return of normal conditions through receipt of German payments for war losses it would present a plan for refunding and on the part of our commission that it is understood such a plan will be presented at the earliest moment possible and that meanwhile preference will not be given to other creditors.

Mounting Cost of Unemployment

UNEMPLOYMENT relief from public funds has attained large figures in England. Statistics recently published indicate that the amount since the armistice has been the equivalent of \$750,000,000.

Of this amount, about \$165,000,000 represented the government's contribution under its plan for unemployment insurance. Under this plan employers contributed \$236,000,000 and employes \$214,000,000 more.



ILLUSTRATION BY C. R. MACAULEY

Principles of Business Conduct Formulated by the United States Chamber of Commerce

THE FUNCTION of business is to provide for the material needs of mankind, and to increase the wealth of the world and the value and happiness of life. In order to perform its function it must offer a sufficient opportunity for gain to compensate individuals who assume its risks, but the motives which lead individuals to engage in business are not to be confused with the function of business itself. When business enterprise is successfully carried on with constant and efficient endeavor to reduce the costs of production and distribution, to improve the quality of its products, and to give fair treatment to customers, capital, management, and labor, it renders public service of the highest value.

We believe the expression of principles drawn from these fundamental truths will furnish practical guides for the conduct of business as a whole and for each individual enterprise.

I. THE FOUNDATION of business is confidence, which springs from integrity, fair dealing, efficient service, and mutual benefit.

II. THE REWARD of business for service rendered is a fair profit plus a safe reserve, commensurate with risks involved and foresight exercised.

III. EQUITABLE CONSIDERATION is due in business alike to capital, management, employees, and the public.

IV. KNOWLEDGE—thorough and specific—and unceasing study of the facts and forces affecting a business enterprise are essential to a lasting individual success and to efficient service to the public.

V. PERMANENCY and continuity of service are basic aims of business that knowledge gained may be fully utilized, confidence and efficiency increased.

VI. OBLIGATIONS to itself and society prompt business unceasingly to strive toward continuity of operation, bettering conditions of employment,

and increasing the efficiency and opportunities of individual employees.

VII. CONTRACTS and undertakings, written or oral, are to be performed in letter and in spirit. Changed conditions do not justify their cancellation without mutual consent.

VIII. REPRESENTATION of goods and services should be truthfully made and scrupulously fulfilled.

IX. WASTE in any form—of capital, labor, services, materials, or natural resources—is intolerable, and constant effort will be made toward its elimination.

X. EXCESSES of every nature—inflation of credit, overexpansion, overbuying, overstimulation of sales—which create artificial conditions and produce crises and depressions, are condemned.

XI. UNFAIR COMPETITION, embracing all acts characterized by bad faith, deception, fraud, or oppression, including commercial bribery, is wasteful, despicable, and a public wrong. Business will rely for its success on the excellence of its own service.

XII. CONTROVERSIES will, where possible, be adjusted by voluntary agreement or impartial arbitration.

XIII. CORPORATE FORMS do not absolve from or alter the moral obligations of individuals. Responsibilities will be as courageously and conscientiously discharged by those acting in representative capacities as when acting for themselves.

XIV. LAWFUL COOPERATION among business men and in useful business organizations in support of these principles is commended.

XV. BUSINESS should render restrictive legislation unnecessary through so conducting itself as to deserve and inspire public confidence.

THE NATION'S BUSINESS

Can Anybody Do These Things Cheaply?

The Unfinished Jobs of Science

By E. E. FREE

THE greatest scientific genius who ever lived was, I suppose, Sir Isaac Newton. He discovered the law of gravitation. He was the first to study the nature of light. He invented modern mathematics. He founded the entire science of mechanics. His fame was great in his own time, and it is still greater now.

And this great genius, when it came nearly time for him to die, set down what he thought about his own life.

"I know not," he said, "how I may have appeared to others, but to myself I seem to have been only as a boy playing on the seashore and diverting myself now and then by finding a smoother pebble or a prettier shell than ordinary whilst the great ocean of truth lay all undiscovered before me."

In the nearly two hundred years since Newton died, science has gone far. It has given us steam and electricity, railways and automobiles and airplanes, cheap paper and glass, buildings made of cement and steel.

And yet the modern scientist who has done all this must echo, if he be honest, these words of his famous predecessor. The great ocean of truth still rolls undiscovered before all of

electrical machinery. Do you want to pay less rent for your office space? Do you want to buy electric motors and electric current more cheaply and to pay less for all the multitudinous products that are manufactured nowadays in electric-driven factories? Would you like to travel safely at twice the present speed of railway trains in light-weight aluminum coaches pulled by an aluminum locomotive? Or would you prefer to forsake the ground altogether and to do your traveling cheaply and comfortably in an aluminum airship?

If you want these things, help the scientists find out how to make aluminum for two or three cents a pound; as cheap as iron or cheaper.

There is every reason to believe that this is possible. Ores of aluminum are plentiful. It is, in fact, by far the most plentiful metal in the world. Over 7 per cent of the earth's crust is aluminum. Every clay bank contains thousands of tons of it. The trouble is that

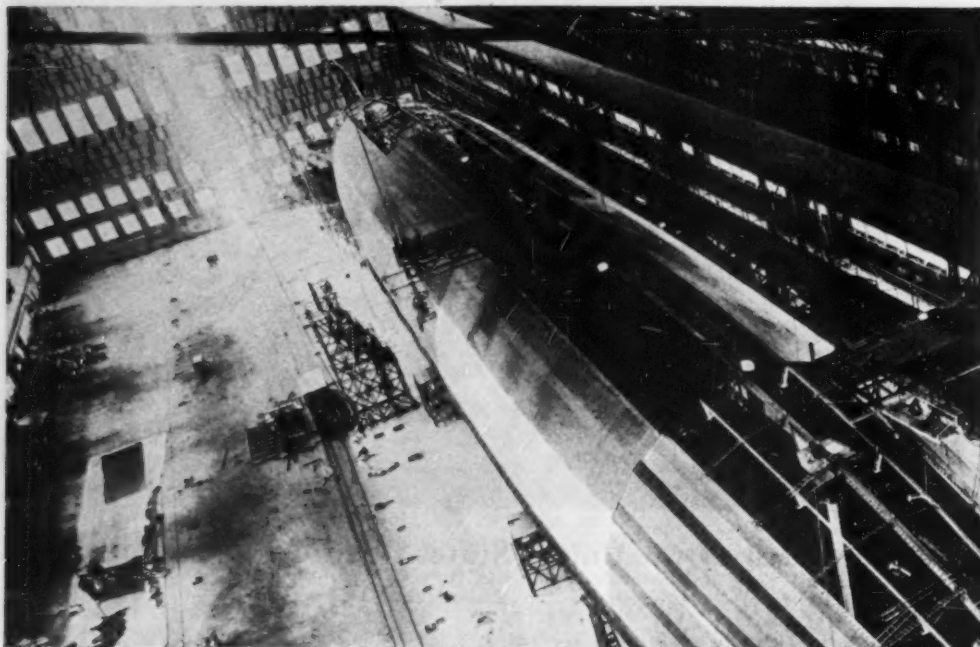
we do not know how to get the aluminum out. It is made now, quite laboriously, from a rather rare mineral called bauxite. It has been made from its commonest ore, ordinary clay, in the laboratory, but not profitably or commercially. Here is one of the most pressing problems of modern science and one that offers, I believe, the most stupendous financial rewards to the lucky inventor who solves it. How shall we get aluminum out of clay?

The solution of this problem will turn, I imagine, upon power. We must find a way to apply electric power, or some other kind of power, to our claybanks in order to divorce the aluminum in them from the other chemical elements with which it is combined. And this fact brings us to another of the great problems of modern industry, the problem of some less wasteful way of getting power, not only for this purpose, but for every purpose.

There is so much discussion nowadays of this power problem that everyone knows the essentials of it—how the coal and oil will be exhausted sooner or later; how the demand for water power is already insistent and how all the available water power in the world will probably prove, in the end, to be insufficient for our needs. There is talk of new kinds of power—power from solar engines; power from tides; the immense stores of power supposed to be concealed inside the atoms of matter.

But there is one feature of this problem which has been, I think, too little discussed. This is the frightful way in which we waste the power we have, the power of coal and oil.

Don't think that I am preparing to repeat the hackneyed warnings against wasteful coal-mining or against the losses up smoking chimneys or anything of that kind. These particular wastes are well-known. Knowledge of them is part of the ammunition of every amateur economist engaged in the great public pastime of viewing with alarm. I really can't see that they are especially important, because, in time, they



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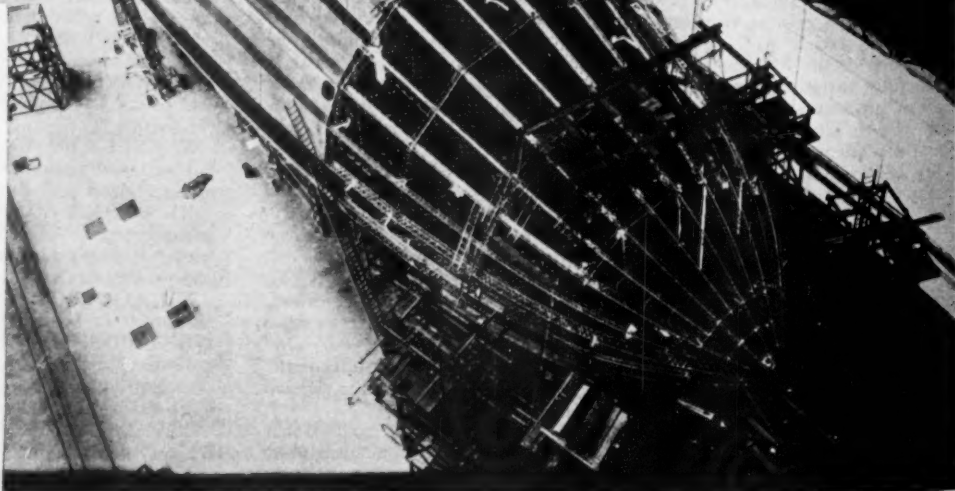
us. What we have done is negligible in comparison with what we have yet to do.

Among the unsolved problems, for example, is that of making cheap aluminum.

This metal possesses an extraordinarily useful combination of properties. It is very light; it does not rust; it is a good conductor of electricity; it allows heat to pass through it easily; properly prepared it is strong and tough. Take it by and large, aluminum is probably the most useful metal ever discovered by man.

Yet it is far from being the most used. Its present use, indeed, is mainly to make household cooking pots. Why this remarkable contradiction? The most useful metal in the world reduced to duty in the kitchen!

The main reason is cost. Aluminum is too expensive to be a substitute for iron in the frames of skyscrapers or for copper in



ZR-1 in the making. As we use more airships, the problem of cheap aluminum becomes important

will correct themselves. When coal becomes so expensive that it no longer pays to waste it in these ways the waste will stop.

But there is another and much greater waste of coal that is supremely important, a waste that we cannot stop, at least without scientific help. It is the waste that is inseparable from the steam engine, the waste that must occur, always and inevitably, whenever we turn coal into power through the expedient of steam.

The average ton of coal contains enough power, if we could get all of it out, to lift a 200-pound man *twenty thousand miles* up into the air. It would run an ordinary electric lamp continuously for twenty-three years. It is quite obvious that we do not succeed in getting all of this power out, or elevators and electric lamps would be much cheaper to operate than they are. On the average, in fact, we save only about 10 per cent of it. By greater care and improved efficiency we can do a little better than this. The best steam engines save about 20 per cent of the power. Once in a while, by some combination of happy accidents, an engineer attains fame in technical circles by saving 24 or 25 per cent of the power that is in his coal.

Now even this, I submit, is a pretty poor showing. If the very best of the steam engines operating under the most favorable circumstances can recover only a quarter of the power that is really in the fuel they use—and this, the engineers assure us, is about the theoretical maximum—isn't it about time that we went hunting for some better power-extracting device, something that can do better for us than steam and engines have proved themselves able to do?

Think of the losses we face, inevitably, so long as we retain the steam engine. The world burns about 4,000,000 tons of coal a day (not including oil and other fuels). At least half of this goes to make steam and then power. Now if all the steam engines in the world were modernized and brought up to the best known standards of construction and operation (which would cost, I suppose, some hundreds of times the German indemnity), we would still be wasting some 1,500,000 tons of coal a day.

The world is throwing away, literally, some six or seven million dollars for every day that we keep on burning coal to make steam.

Of course, we cannot help it, at least not now. We must have power. The only way we know to get it, with minor exceptions, is by way of steam. I am not suggesting any immediate change, but we know a change is needed and that it is one of the tasks of science to provide for it.

This seems to me the kernel of the power problem. The super-power plans that are so much discussed, the solar engine, motors to harness the tides, a better use of our potential water-power—all these, however valuable, are incidentals. At most they would be partial remedies. The basic fact to remember is that steam, at its best, is unbelievably inefficient. No farmer assigns the job of gathering eggs to a boy so clumsy-handed that he breaks nine eggs out of every dozen. Yet that is just what we do with steam. Steam has been a faithful and useful

servant to the world, but the time is coming when it must retire in favor of some youngster who is more efficient.

Is there such a youngster? Scientists believe so, though they have not yet been able to hire him and put him to work. What we need, you observe, is some less wasteful way of converting the stored power of coal into useful kinds of power, like motion or electricity.

Suppose we consider electricity. We already know how to convert the power of some materials directly into electricity. For example, the ordinary dry battery converts zinc into electricity.

Suppose we could do this with coal. Suppose we could put a chunk of coal inside some kind of battery and induce the coal to turn itself directly into electricity. This is possible theoretically. Many scientists are at work trying to do it practically. When they succeed and when they have applied the cheap power they produce to the making of an aluminum railway train and to the propulsion of it, we may travel across the continent, perhaps, for as many cents as we now spend dollars.

Another unsolved

problem of science that has to do with power is the problem of storing it. Power, which is probably the most important commodity in the world, is the only one that cannot be kept. When there

is surplus of wheat in Nebraska the farmers can store it for a while if they wish. Or they can load it on trains or ships and send it off to other parts of the world where wheat is scarcer.

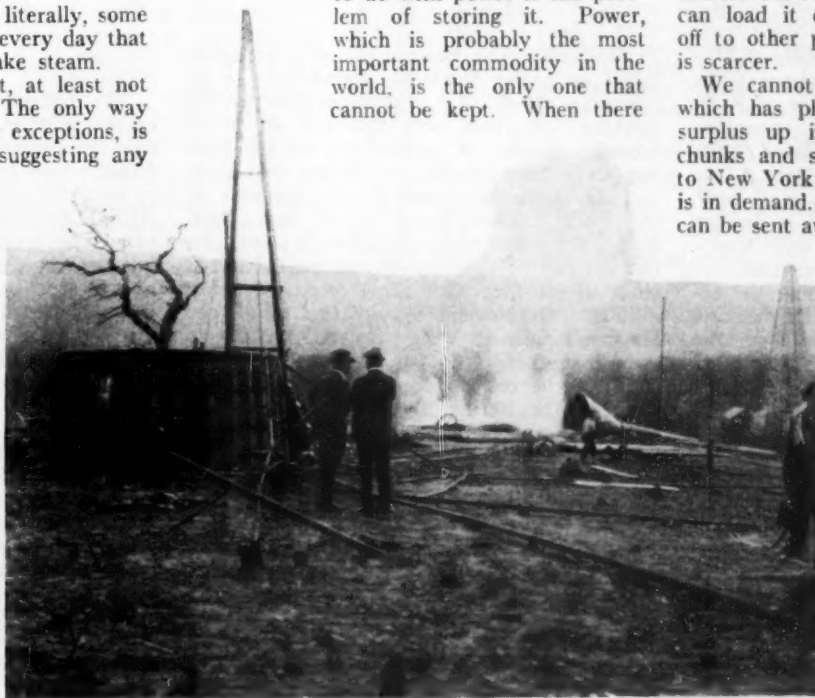
We cannot do this with power. Niagara, which has plenty of power, cannot put its surplus up in barrels or condense it into chunks and ship this "canned power" down to New York or out to Chicago where power is in demand. One kind of power, electricity, can be sent away for moderate distances over transmission lines or can be stored up, very expensively, in storage batteries. But with these minor exceptions you have to use power when and where you make it.

It would be very helpful if this were otherwise. There are, for example, some great waterfalls in the wilds of Africa and of South America. Vast quantities of power could be produced there, but it is useless to do this so long as there are no communities within transmission distance to use the power. Think how valuable it would be if this power, now going to waste, could be canned and then shipped



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Great Victoria Falls, Africa. Who is going to find a way to "can" all this waste water-power so that it may be transported to where it is needed to turn the wheels of industry?



COURTESY OF BUREAU OF MINES

Putting a hood on a burning gas well. Scientists say that alcohol or sugar can be made from this waste gas. It's up to someone to find out how to do it economically on a large scale.

out cheaply enough to England or America.

Power canning, too, is a possibility in theory, not merely a fantastic dream. We already know, indeed, one material which comes close to being a kind of canned power. This is the metal called sodium. It can be made by electric power, as indeed it is made, at present, at Niagara Falls. Once made it can be shipped and stored. Then at any time it can be converted back into power by merely wetting it with water. It gets hot and hydrogen gas is given off and this can be burned in the air to make more heat. I am not saying that metallic sodium is already a practicable commercial answer to the problem of power canning. At present it is too expensive to make. But its existence is an indication of what we shall probably be able, some day, to do more profitably.

Nature, by the way, already possesses the secret of power storage. The green leaves of growing plants absorb the power of sunlight and "can" it. They convert it, that is, into wood that we burn to get power or into starch or sugar that we can make, in turn, into alcohol and then get power from that. These procedures, it is true, are not remarkable for efficiency. Green plants utilize, on the average, not over one-thousandth of the solar energy that they receive.

But sunlight is cheap and efficiency does not matter so much with it. A committee of scientists appointed by the American Association for the Advancement of Science is now at work trying to learn this secret of the plant's ability to can the power of sunlight. If they succeed, we shall have not only a much cheaper source of power, but a vastly increased supply of food, for this fixation of

sunlight by plants is, you remember, the ultimate source of all the food in the world.

The problems of the world's food supply involve another group of unsolved scientific questions. For example, there is available in the world a vast quantity of natural gas that escapes from oil wells. Under present conditions much of this cannot be used except, very wastefully, as a fuel under the boilers of the pumping plants or oil refineries. It may seem a long step from waste natural gas to food, but it is not really so far. A laboratory method is known by which one of the constituents of the waste gas can be made into sugar or, alternatively, into alcohol. Either food or power might be available, therefore, from waste gas if we could subdue this laboratory process and make it work economically on a large scale. This we cannot do—obviously, since if we could, someone would be making sugar that way now. It is one of the many unsolved problems that still confront us.

Open Challenge to Inventors

THE THREE basic problems that I have touched on—food, power and structural materials (specifically, cheaper aluminum as a light-weight building metal)—are probably at present the three scientific problems that are most pressing. None of them is easy to solve. All are already receiving the best efforts of skilled men working in great laboratories with much money and equipment at their disposal. They are so big that they rank as group problems rather than as problems which are suitable for attack by an individual scientist.

But science has many problems that are less comprehensive, many nuts that individual

inventors might reasonably try to crack. For example, there is the problem of a solder for metals that will work when the metals are cold.

Whenever you want to fasten two pieces of metal together it is necessary, nowadays, to heat them. If you heat them hot enough, you can perhaps weld or braze them. By using solder and a little less heat you can stick some metals together that way. We have been accustomed for so long to this way of doing things that we forget how extraordinarily wasteful it is of time and also of materials.

I have picked out, almost at random, a very few of the problems that scientists know about and that are still unsolved. There are thousands that I might have chosen equally well. What general use, for example, shall we be able to make of radio? What is the cause of the great mystery that we call gravitation? Can we invent a cold light like that enjoyed by the glowworm and the firefly? Who will make a cheap rustless iron and save the five or six billion dollars a year that rust is supposed to cost the world? We need a bottle stopper to replace the fragile and easily-worn-out cork. How much would we save if we had a flexible glass?

The one thing that scientists always have plenty of is problems, and if anyone tells you that these problems or any of them are permanently insoluble and that it is foolish to bother one's head about them, remind him of that oft-repeated fact that the steamship which first crossed the Atlantic to America brought along copies of a book just off the press proving that ocean transportation by steam was theoretically impossible.

The Fun I've Had in Business

WHEN I made my first journey to Chile (1874) on my way around South America, it would have been impossible to go across the Andes from Santiago, Chile, to the River Plate, for the time was in our summer and their winter, so I took a steamer sailing via the Straits of Magellan. At Montevideo I was fortunate in meeting Mr. F. F. Pearson, partner of S. B. Hale & Co., and on board the steamship running from Montevideo to Buenos Aires we were fellow-passengers. S. B. Hale & Co., established in 1833, was then, as it is now, the oldest American firm engaged in foreign mercantile business, and it was the only American firm of consequence in the Argentine.

This firm is interesting, not only on account of its pioneer character but because it was the instrument used to carve out the career of probably the most brilliant man I have ever known in commerce and finance. That man is Charles H. Sanford. Sanford had gone from New York to Buenos Aires representing Lanman & Kemp, large wholesale druggists. He was an ordinary salesman but an extraordinary man. He began to make such a dent in the drug trade of the Argentine that he came to the notice of S. B. Hale & Co., and shortly after he became a partner of that firm. Then S. B. Hale & Co. took on a new life. It became one of the most progressive and active firms in the world. Sanford saw the immense possibilities of the Argentine, but he was too far-sighted.

He went to England and induced Edward Baring, the senior member of the famous firm of Baring Brothers, to back Argentine

No. 4—Experiences in Argentina and Brazil

By CHARLES R. FLINT

Author of "Memories of an Active Life," "Shoes and Ships and Sealing Wax"

to the limit. The Barings issued acceptances based on sound Argentine investments to an enormous extent. Up to that time no private banking firm had ever put out so much money overseas. No other firm but the Barings could have done it, for at that time they and the Rothschilds were the big bankers of the world. Their name turned paper into money. Sanford made money with them. In the summer of 1890 he showed me a balance sheet of his firm with a net worth of many millions. On November 16 of that same year his firm's finances were involved, for it was then that there occurred the greatest financial disturbances of history—the embarrassment of the Baring Brothers. International commerce was then based on the pound sterling, and the Barings' merchandise sterling credits were by far the most important. It will be remembered that the Bank of England stepped in to save commerce, that the absolutely unimpeachable reputation of the Barings rode the storm, emerging with added credit, and that no one lost a dollar. Sanford and his backers were simply a little too far ahead in their calculations.

Sanford, who was in London, sailed for the Argentine to find his money where he had lost it—and he did find it. As an evidence of his success and patriotism, he subscribed to most of the Allied loans, and I re-

call that in our last Liberty Loan he took a million dollars in bonds. He has also had the satisfaction of being the senior of a most remarkable trio in which son, father and grandfather, each without assistance and entirely on personal merit, has gone to the top in a distinct and separate line of endeavor.

The grandson, Herbert Sanford Ward, became a pilot in the Royal Flying Corps at the age of seventeen. In 1915 he went to the front, where he was shot down and wounded in an aerial duel just over the German lines. After five months in hospital and prison camps he escaped via Switzerland, undergoing great hardships. On his return to London he was soon gazetted captain, the youngest in the Air Service, and after two years' service in England as instructor of both English and Russians (he had learned Russian while a prisoner), he went back to France in 1918 and was at Soissons when the Germans broke through, where he very narrowly escaped death or imprisonment. Subsequently he received a letter complimenting him upon the ability and dispatch with which he had saved his squadron.

His father, Herbert Ward, the son of a distinguished naturalist and sculptor, very early in life developed his dual temperament, with its love of art and of sport and adventure. The only prizes which he won at school were for drawing and gymnastics. As the business career mapped out for him by his father was distasteful, he ran away at the age of fifteen to seek his fortune in adventure.

After several years of hardship and varied



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experience all over the world, he found himself at the age of twenty-one in Central Africa, where he had gone under the auspices of Mr. Stanley. After three years in the service of the Belgian Exploring Company, when on his way down country en route for home, he heard that Stanley had arrived in command of the Emin Pasha Relief Expedition and needed carriers. On his own initiative he collected four hundred men, marched down to meet Stanley, and offered himself and his services. Stanley enrolled him at once as a member of the expedition. What happened during the two following years is described in his book "My Life with Stanley's Rear Guard."

Soon after the expedition, he married, and then the call of the artist in him almost dispelled the lure of the African forest. This lure, however, was never dispelled completely, as his work portrays the very soul of Africa and every phase of Central African primitive life.

His sculpture was exhibited in the Paris Salon and Royal Academy in London, and in many exhibitions in France and England, everywhere winning medals. He received the two highest medals of the Paris Salon, and was awarded the Legion of Honour by the French Government. In 1910 he wrote and published "A Voice from the Congo." His entire work in sculpture, consisting of about twenty statues, together with his large and unique collection of African arms and implements, about three thousand objects, is now in the New National Museum at Washington. They were presented by his widow, in pursuance of his wishes.

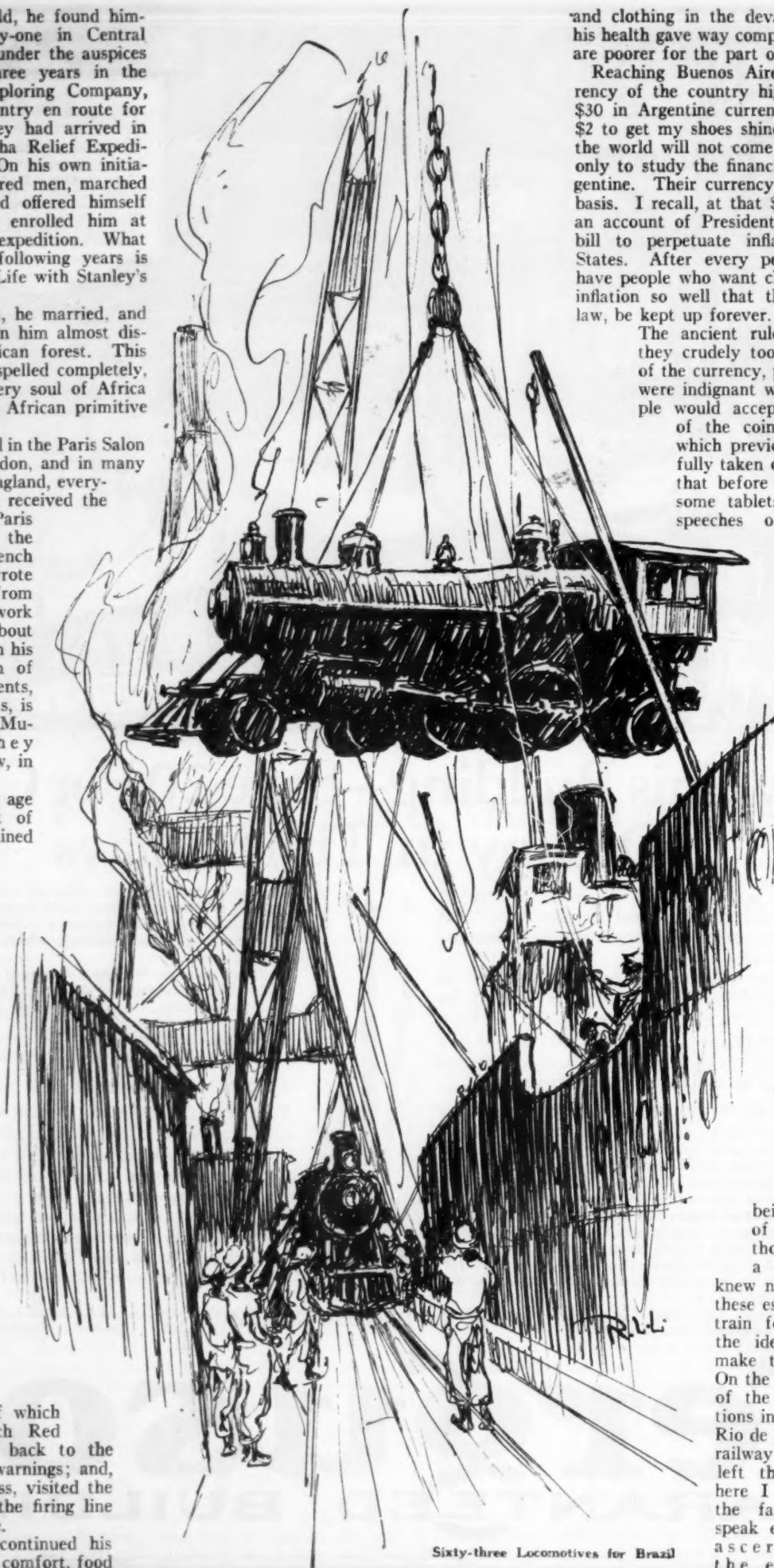
Herbert Ward died at the age of fifty-seven as a result of hardships and injuries sustained in the Great War.

He not only lent his country-place in France to the British Red Cross as a convalescent home for British officers, but he went himself to the front as an officer in the Number 3 Convoy of the British Ambulance Committee and was awarded the Croix de Guerre in 1915 for removing the wounded under bombardment.

In 1916, although broken in health and crushed by grief at the death of his eldest son, Charles Sanford Ward, who was killed at Neuve-Chappelle, he went to America and lectured throughout the States with great success on behalf of the American Clearing House in Paris.

In 1917 he published "Mr. Poilu," the profits of which were given to the French Red Cross. In 1918 he went back to the front, in spite of doctors' warnings; and, under the French Red Cross, visited the hospitals and canteens on the firing line in the Vosges and elsewhere.

After the armistice he continued his strenuous work, distributing comfort, food



Sixty-three Locomotives for Brazil

and clothing in the devastated regions, until his health gave way completely. "All our days are poorer for the part of him that died."

Reaching Buenos Aires, I found the currency of the country highly inflated. I paid \$30 in Argentine currency for breakfast and \$2 to get my shoes shined. Those who think the world will not come out of inflation have only to study the financial history of the Argentine. Their currency today is on a sound basis. I recall, at that \$30 breakfast, reading an account of President Grant's veto of the bill to perpetuate inflation in the United States. After every period of inflation we have people who want cheap money, who like inflation so well that they think it can, by law, be kept up forever. It is a fine old idea.

The ancient rulers used to try it—they crudely took precious metal out of the currency, put in baser stuff, and were indignant when their servile people would accept not less than two of the coins for something for which previously they had cheerfully taken one. I have no doubt that before long we shall dig up some tablets containing the full speeches of the Babylonian

cheap-money orators; and I will wager that translated, any of those old speeches would go well today before many audiences.

From the Argentine, I went to Brazil. Of that country I have seen a deal, both in commerce and in revolution. And I think I did as much as any other one man to preserve Brazil as a republic.

But when I first reached Brazil, I knew no one; and I little dreamed then, at twenty-four years of age, how intimately I should later know the country and the people.

Coffee-raising being the big resource of the huge country, I thought I ought to visit a coffee estate. As I knew none of the owners of these estates, I simply took a train for the interior, with the idea of letting chance make the selection for me. On the train I learned of one of the finest coffee plantations in Brazil, that of Baron Rio de Bonito, located on the railway line at Huara; so I left the train there. But here I was embarrassed by the fact that I did not speak enough Portuguese to ascertain the way to the estate. However,

5637 *Cylinder head Gasket* *Bin 2* 1.75

PROOF				RECEIVED				DISBURSED				BALANCE ON HAND		OVERSIGHT
QUANTITY	AMOUNT	DATE	THROSTAL	QUANTITY	AMOUNT	UNIT	POST	QUANTITY	AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT	POST
70	00	JAN 10	232,424	70	96.80			1	1.38	70	96.80	69	95.22	
69	95.22	JAN 10	11,097					1	1.38	69	95.22	68	93.84	
68	93.84	JAN 11	3,621					1	1.38	68	93.84	67	92.46	
67	92.46	JAN 11	3,621					1	1.38	67	92.46	66	91.08	
66	91.08	JAN 11	1,177					1	1.38	66	91.08	65	89.70	
65	89.70	JAN 13	1,121					1	1.38	65	89.70	64	88.32	
64	88.32	JAN 13	1,121					1	1.38	64	88.32	63	86.94	
63	86.94	JAN 18	1,234					1	1.38	63	86.94	62	85.56	
62	85.56	JAN 20	3,640					1	1.38	62	85.56	61	84.18	
61	84.18	JAN 21	3,640					1	1.38	61	84.18	60	82.80	
60	82.80	JAN 24	3,643					1	1.38	60	82.80	59	81.42	
59	81.42	JAN 27	3,643					1	1.38	59	81.42	58	80.04	
58	80.04	JAN 27	3,706					1	1.38	58	80.04	57	78.66	
57	78.66	JAN 27	3,706					1	1.38	57	78.66	56	77.28	
56	77.28	JAN 27	3,706					1	1.38	56	77.28	55	75.90	
55	75.90	JAN 29	3,706					1	1.38	55	75.90	54	74.52	
54	74.52	JAN 29	3,706					1	1.38	54	74.52	53	73.14	
53	73.14	JAN 29	3,706					1	1.38	53	73.14	52	71.76	

STOCK CARD

5637 *Cyl. head Gasket* *Bin 2* 1.75

DATE	QUANTITY	AMOUNT	DATE	QUANTITY	AMOUNT
1/10	16	27.68	1/10	16	27.68
1/11	15	26.70	1/11	15	26.70
1/12	14	24.72	1/12	14	24.72
1/13	13	22.74	1/13	13	22.74
1/14	12	20.76	1/14	12	20.76
1/15	11	18.78	1/15	11	18.78
1/16	10	16.80	1/16	10	16.80
1/17	9	14.82	1/17	9	14.82
1/18	8	12.84	1/18	8	12.84
1/19	7	10.86	1/19	7	10.86
1/20	6	8.88	1/20	6	8.88
1/21	5	6.90	1/21	5	6.90
1/22	4	4.92	1/22	4	4.92
1/23	3	2.94	1/23	3	2.94
1/24	2	0.96	1/24	2	0.96
1/25	1	0.96	1/25	1	0.96

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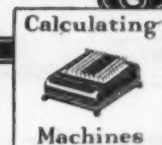
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inquiring at a schoolhouse, I found that the teacher spoke English fluently; so I asked him to send a boy to bring me a horse, that I might ride to my destination. The boy went off, but instead of returning with a horse, he brought a jackass. Without being able to determine whether the boy had an excessive sense of humor or whether that was the only animal obtainable, I mounted and rode, after the peculiar manner of the Brazilian milkmen.

Not being absolutely sure of my way, I used what little Portuguese I possessed along the road. Before long I was overtaken by a man who was riding an "honorably mentioned" mule. I asked him to direct me to the coffee estate of Baron Rio de Bonito. Even before this incident I had been more or less familiar with the caste system existing in Latin countries, but on no previous occasion had I ever been so impressed with its thoroughness as I was when the man on the mule, after looking disdainfully down at me and my miserable animal, rode on without even condescending to answer my question.

However, I finally reached the estate, went up a side road, hitched my jackass to a convenient post, marched up to the grand entrance, and sent in my card. I told the baron that I was about to return to New York (perhaps I had in mind the fact that he was shipping all of his coffee to that market), and that before going I desired to see what I had been informed was the best coffee estate in Brazil. The baron apologized for not being able personally to take me over his estate, and explained that several men had come up from Rio at his request to discuss important business. He asked me if I would permit him to place at my disposal his own saddle horse to make a tour of inspection. I accepted graciously and with alacrity. He said that, if I would permit him to do so, he would send his secretary to accompany me. In a short time up came an Arabian stallion with elaborate silver-mounted trappings, and to my joy I found that the secretary was none other than the man whom I had previously accosted riding on the mule. Having a high-spirited mount, I gave my guide a run for his lack of courtesy, and I thoroughly enjoyed my promotion from a jackass to a stallion. But going back to the jackass gave me about the same feeling that many have felt during the period of the readjustment following the World War. I insisted that the baron should not accompany me to the outer gate and bade him good-bye at the grand entrance. The baron said he would call on me on his next visit to New York.

From Rio de Janeiro I sailed for home in an old reconstructed blockade runner named the *Merrimac* which had been rebuilt for service between Brazil and the United States. The men with whom I naturally became intimate as fellow-passengers were the members of a commission that had been sent by the United States Government to investigate the heavy expenses which had been charged in Rio de Janeiro for repairs to one of the United States war vessels. Being in the shipping business, I was very much interested in talking to these technicians; but it was not altogether comforting to hear these experts describe how our upper works of wood might part from our steel hull if we should happen to encounter a hurricane. We were then passing through the hurricane zone during the hurricane season.

Finally we were sailing up New York Bay; and although it was before the days of skyscrapers

and the Goddess of Liberty, it all looked very good to me.

My first trip around South America was, I think, the most valuable I have ever undertaken, and ever since then I have had relations of one kind or another with nearly all our southern neighbors. With Brazil I have had many.

For instance, when we heard that the Brazilian government was about to purchase a number of large locomotives, we applied to Baldwin's, the most important locomotive builders in the United States, for their Brazilian agency. They declined to give it to us. The conditions were unusual. There had been a financial and business contraction in the United States and a sudden decline in prices. Rolling stock and machinery manufacturers were cutting down their organizations, and many were fearful that they would have to close their factories altogether. Our only chance was to get the specifications of the locomotives first. I made a radical suggestion to my associates, starting the conference by telling of an incident at the Café Voisin, in Paris, when a resident of Philadelphia was most enthusiastic about some "delicious snails."

His French host said, "As you are so fond of snails I'll get the recipe for cooking them, so you can enjoy them on your return home." The Philadelphian declined, saying it would be impossible for him to have them.

"Why?" asked his host in astonishment.

The Philadelphian explained, "We can't catch them!"

"I am satisfied," I continued, "that the long-established, conservative Brazilian agents of Baldwin's are, as usual, sending the locomotive specifications to Philadelphia at the rate of twelve miles per hour at a cost of \$1 postage. Our opportunity is to have the specifications come at the rate of one thousand miles per minute at a cost of a thousand dollars."

My people adopted the high-speed plan, and in response to our cable our agents, Davison & Unwin, promptly cabled the locomotive specifications at a cost of \$1,407.

The Brooks Locomotive Works had not then sufficient orders to keep them running. It was vital for them to hold their organization together, so they gave us "a price to get the order," which we cabled to Rio de Janeiro. As our offer to the Brazilian government was subject to immediate acceptance, a cable was rushed off accepting our offer for sixty-three large lo-

comotives, the largest single order for locomotives ever received from South America.

The result of this contract was satisfactory all around: the Brooks Works ran full time through a period of extreme depression; the Brazilians got locomotives at prices much lower than they had been paying; and we received, after paying for cables, a profit of more than \$100,000.

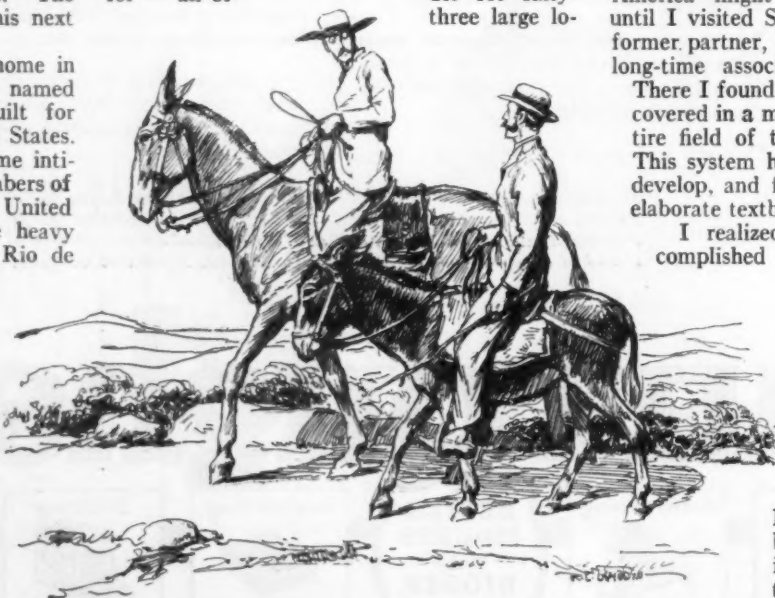
During my trip around South America at twenty-four years of age, when life was young and sweet, and many times since, I have enjoyed the gracious hospitality of the Latin-Americans. In 1889-90 it was my privilege, in the first Pan-American conference, to meet as peers their most distinguished diplomats and statesmen. That an affectionate regard should have grown up between myself and my many friends to the south has been quite natural.

It often occurred to me that it would be a great satisfaction if I could find some way of doing something that would be of general advantage to the Latin-Americans. While a delegate to the International American Conference I initiated the idea of establishing a Bureau of American Republics, and as the American delegate on the Committee of Customs Regulations, I formulated the report and resolutions advocating the establishment of the bureau, which were unanimously adopted by the conference. My colleague, Andrew Carnegie, whom I consulted at the outset, gave \$750,000 for the "Pan-American Building." But the operation of that bureau is governmental.

In looking over the field to see in what way private enterprise could be of service, I realized that Latin-Americans have a natural taste for music, that they are born diplomats, and are skilled in the art of correspondence. But in the technique of industry, which is of great importance to the Latin-Americans, as they are engaged in the development of new countries, I realized that we of the north were more advanced. We had learned how to make such developments in the United States; we were building pin connection bridges that could be quickly erected; we had designed locomotives suitable for sharp curves and irregular tracks; we had become expert in agricultural chemistry, in the development and use of labor-saving implements and machinery, and we had made substantial progress in the best methods of mining. But I could not envisage the practical means by which Latin-America might be given these advantages until I visited Scranton in company with my former partner, Mr. Ulysses D. Eddy, and our long-time associate, Mr. George H. Nolte.

There I found an instructional system which covered in a most comprehensive way the entire field of technical industrial education. This system had cost millions of dollars to develop, and from it had evolved the most elaborate textbooks, unequalled in the world.

I realized that results could be accomplished in Latin-America by translating the textbooks of the International Correspondence Schools (over \$500,000 was spent for this purpose). I arranged that Mr. Nolte should give a large part of his time to the extension of this system of education to Latin-America. The result has been that since this idea was initiated, in 1909, the International Correspondence Schools of Latin-America have enrolled over 50,000 students.



The man on the mule looked disdainfully down on me

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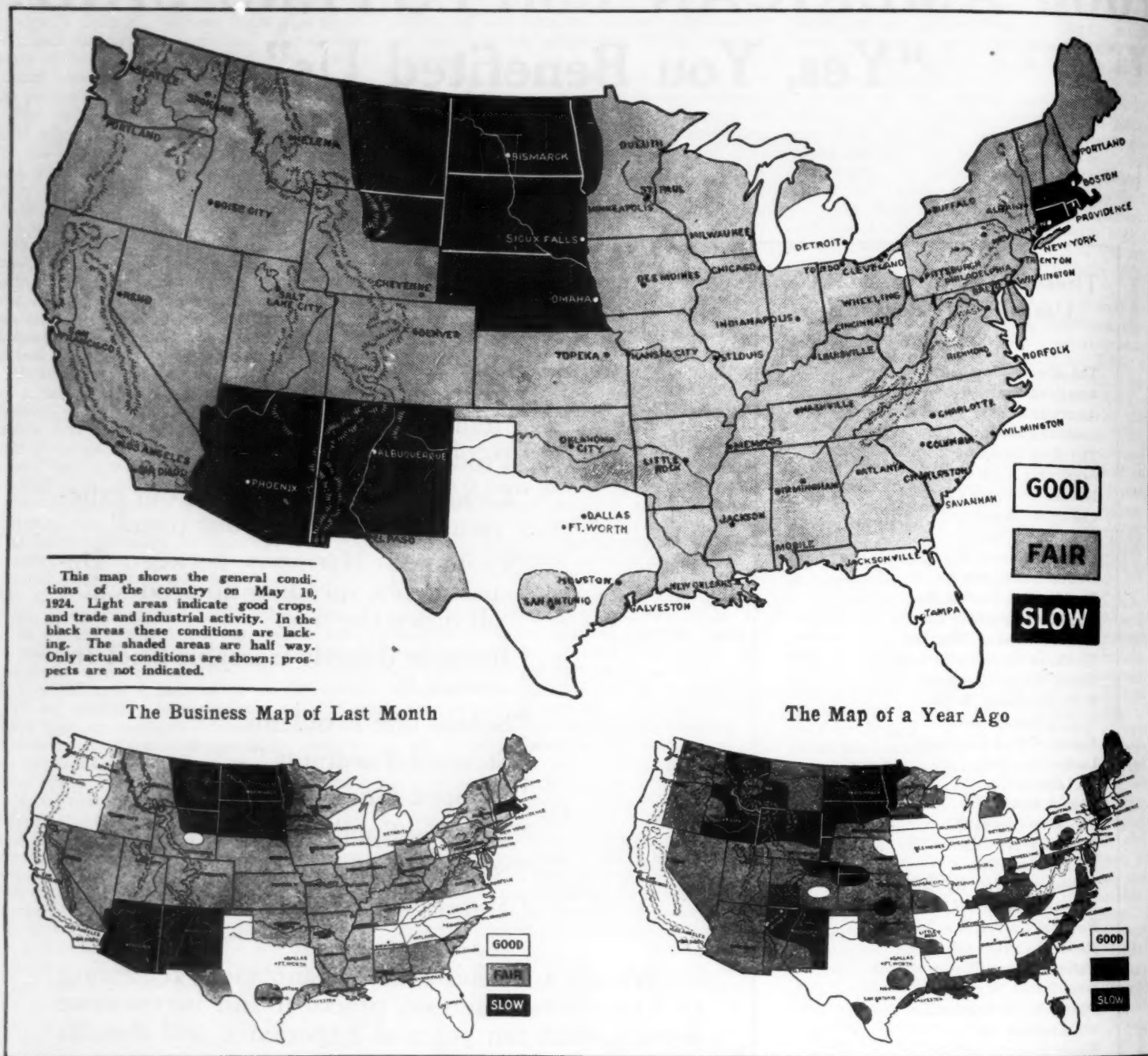
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The Map of the Nation's Business



THE SUBSIDENCE noted in most, not all, lines of trade and industry in March became more pronounced in April, and continued into early May. The seasonal Easter urge helped retail trade somewhat, where weather permitted, in the earlier part of April; but wholesale buying aside from jobbing reorder trade did not expand very greatly, the same cautious piecemeal buying being noted in most lines, while industry, building perhaps excepted, tended to slow down further. Agricultural operations, though retarded by the continuance of backward weather, of course became more active and helped to absorb some of the unemployment noted in the soft coal regions and in textile industries of the east. Crop progress was rather slow, and seeding was delayed in late April by storms in the southeast and northwest. Buying of building materials, though active when measured by normal comparisons

By FRANK GREENE
Managing Editor, "Bradstreet's"

of other years, did not come up to anticipations or to last-year records. Trade in and between the states of the western seaboard felt the influence of quarantines resulting from the outbreak of foot and mouth disease in a few California counties; and although late reports indicate that the severity of these quarantines has been relaxed with the taking charge of the situation by the federal authorities, a good deal of congestion resulted. Southern trade tended to brisk up somewhat, while fair progress was being made in preparing and planting the cotton crop. Winter wheat maintained its high condition in the southwest except for some Hessian fly damage in parts of Kansas, and despite the reduced area planted, promises as much wheat as last

year. The crop east of the Mississippi, and especially in the central west, is rather spotted.

All in all the trade map as of early May has a rather drab appearance which may continue until better weather; the progress of the crops and the adjournment of Congress allow a clearer view being had of the shaping up of future events. On the foreign side of the account it may be said that while exports have declined slightly and imports have fallen heavily, the situation of the world's currencies has vastly improved owing to the better appearance of the German reparations matter, thanks largely to the fruitful labors of Gen. Dawes and his associates.

The year so far has tended to disappoint both the oversanguine and the ultrapessimistic. In this respect the stock market, with its short swings and lack of any prolonged or pronounced trend, has seemed to give support to the idea that neither a great boom nor a

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Ever meet with propaganda against your business?

This revealing editorial from Advertising Fortnightly places in the sunlight of publicity the machinery of the propaganda against our business

In Fairness to Outdoor Advertising

LAST week, newspapers in several hundred cities published the report (generally as a statement of fact) that fourteen important national advertisers had pledged themselves to abolish "highway billboards."

This is not true. It is part of what seems to be an organized campaign to work injury to one of the recognized mediums of advertising, a campaign that is being carried on under a cloak of civic righteousness.

The facts in the case are these: For some years, Mrs. W. L. Lawton, of Glens Falls, New York, chairman of the self-styled "National Committee for the Restriction of Outdoor Advertising," has been agitating abolition of all forms of outdoor advertising. At the conclusion of her addresses before various women's clubs (mostly in New York State) it has been customary to introduce a resolution protesting against the "promiscuous use of display advertising, especially in rural locations." The secretary of the club was then given a printed letter which was intended to be rewritten in longhand and addressed to the presidents of such concerns as Colgate & Company, Beechnut Packing Company, Liggett & Myers, etc., who are understood to be large outdoor advertisers.

This is the letter:

At a recent meeting of the it was voted to protest to the national advertisers against the promiscuous use of display advertising, especially in rural locations.

We appreciate the great value of advertising, but we believe that advertising can be carried on with the greatest possible benefit to industry and still properly safeguard both scenic and civic beauty.

The present ruthless way in which signboard companies are commercializing the entire country and destroying our most scenic highways, is arousing widespread resentment against all outdoor advertising.

Also the vast amount of labor and material consumed today by the signboard is sorely needed to reduce the present scarcity of homes and thereby lower the prevailing high rents.

We, therefore, urge that all display advertising, of all kinds, be confined to commercial locations where it will not injure scenery, civic beauty or residential values.

This stand has already been endorsed by several of the large national advertisers. May we also have your endorsement?

In acknowledging these letters the presidents of these firms have courteously explained their position in the matter, saying that they were not in favor of advertising signs that obscured views or obstructed turns in the road, and any such signs of their companies which were regarded as being offensive would be removed.

But with only a single exception among the large outdoor advertisers, so far as we can learn, they did *not* pledge themselves to abolish their "highway billboards," nor do we know of any that have signified an intention of so doing.

The following press release by Procter & Gamble seems to be typical of the attitude of these dozen or more large advertisers misquoted as having pledged themselves to stop billboard advertising:

"Our company is in sympathy with the movement now on foot to restrict highway advertising bulletins when such bulletins mar scenic or civic beauty," said R. F. Rogan, advertising manager of the Procter & Gamble Company, in a statement issued today.

"We use now, and will continue to use, legitimate forms of outdoor advertising such as standard twenty-four sheet posters which are placed in commercial locations, assuming that such locations have already been approved by the community. This form of outdoor advertising should not be confused with highway signs."

Fresh impetus has recently been given this anti-billboard propaganda in connection with the decision of the Standard Oil Company to remove its privately owned signs on the Pacific Coast, signs which had for a long time been subject to special criticism.

During the past two weeks reports of this action by the Standard Oil Company have been broadcast in the public prints (in many cases with headlines which distorted the facts), to be quickly followed by the statement that fourteen other firms have pledged themselves to abolish highway signs, with the implication that all forms of outdoor advertising were to be abandoned.

The truth is, the Standard Oil Company has specifically explained that hereafter it will confine its signs to *commercial locations*—not privately owned signs which in many cases have been particularly offensive.

We are explaining this, frankly and without bias, to our readers in fairness to one of the recognized mediums of advertising. We are against ugly billboards and outdoor signs so located that they obstruct dangerous curves or crossings. And we are strongly opposed to the promiscuous placing of outdoor advertisements (whether they be the artistically designed boards of the organized outdoor advertising interests or the crude and unsightly barn-wall, hot-dog, or Stop!—Chicken-Dinner-at-the-Willows signs) in places that mar the natural beauty of picturesque spots. But we are for fair treatment for all advertising mediums.

Let us send you the inside story of the so-called "billboard" agitation. You will find it interesting reading, particularly if your hobby is the application of organization to business

Poster Advertising Association

INCORPORATED

The Poster Advertising Association, Incorporated, is an organization composed of members operating in more than twelve thousand cities and towns and maintaining standard poster boards 11 feet high and 25 feet long on leased commercial locations within the corporate limits or built-up sections immediately adjacent.

307 South Green Street

Chicago, Illinois

A RECORD OF TWENTY-FIVE YEARS' SERVICE TO AMERICAN BUSINESS

When writing to POSTER ADVERTISING ASSOCIATION please mention the Nation's Business

great depression was in sight. Stock-sales have been smaller than a year ago month by month since January. Industrial stocks have shown considerable weakness, the range from the early February top to the late April low being twelve points as against only three and a half points in rails. The market for railway stocks has been better than that for industrials, but the averages as of the first of the month for rails for some months past have shown strikingly little variation. Bonds helped by easy money have sold well the market, displaying great absorptive ability. In other words there has been more disposition to be a creditor than a partner. Liberty bonds late in April were at the highest of the year and only a shade below the best 1922 prices recorded. High-class railway bonds were also well up, but second-grade rails were also strong and higher. These bond movements are symptomatic of a year when not too much is expected of trade and when much idle capital seeks investment. Most of the European exchanges moved higher in April, but Japanese and leading South America currencies were rather conspicuously weak.

Nearly all the trade and industrial indicia showed a sag in March from a year ago, this including mail-order and department-store sales, wholesale buying, bank clearings, pig iron output, lumber cut and cotton consumption; but marked exceptions to this were found in new building permits, steel production and auto output. In all three of the latter new peak totals were set up for the year. In April mail-order sales gained and retail sales seem likely to have been at least as good as a year ago. In connection with retail and mail-order sales it is well to bear in mind that the varying dates of Easter have vitiated comparisons. Bank clearings also gained over

a year, although this is due to expansion at New York. Nearly all of the other indicia above mentioned tended to sag in April from a year ago. Steel output went from a 50,000,000-tons-a-year peak rate in March to a 40,000,000-tons-a-year average in April; and prices of iron, steel and nonferrous metals all weakened. Car loadings have fallen below a year ago every week since the third week in March. Railway earnings dropped in keeping with smaller car loadings, gross receipts and net operating income falling about 8 per cent in each case.

Prices of commodities sagged slightly in April as in each of the four preceding months; and so far as a barometer of four months' results in trade and industry is concerned, this is as good a measure as any so far this year.

However, close attention to the weekly or monthly ebb and flow of the leading measures of industrial movement should not blind us to the fact that all of these indicia are being compared with very large if not record totals a year ago. If the four months' records are considered as a whole, and this should be done if a fair gauge is to be had of the year to date, it will be found that 1924 needs as yet to ask no odds from 1923. Mail-order trade is certainly ahead of last year as is ordinary retail trade and so are bank clearings, steel and automobile outputs, lumber production (but not shipments and orders), buildings permitted for, car loadings and railroad gross and net earnings.

While April failures exceeded those of March by 4.4 per cent and those of April a year ago by 5.6 per cent, they were 11 per cent below those of 1922. Liabilities totalled \$72,971,734, an increase of 12 per cent over March and of 40 per cent over April, 1923.

The important item, however, is really the matter of liabilities; and here it is found that the central west and northwest furnish the entire excess over a year ago. Large manufacturing, coal and mining, and department store suspensions account for the excess in the former section, while the suspensions of numerous banks whose assets froze some three years ago account for the increase in the latter. However, bank failures in the northwest are far less numerous than in any of the previous five or six months.

One of the salient features of April was the slackness in soft coal mining, the idleness of hundreds of thousands of miners and the evidence that none but the fattest coal deposits could operate under the dual handicap of lagging industrial and household buying and the peak prices demanded by union labor. On the theory apparently that things could not possibly be worse, a better feeling was noted in the coal industry early in May. The cotton goods manufacturing trade has suffered from piecemeal buying, consequent inability to plan ahead in operation, fluctuating prices for raw materials and prices for cloth below a parity with this material. With prices for next crop 6 cents below the present spot prices, spinners cannot see any profit in operating. Hence, domestic consumption is receding, and cotton is going abroad in relatively larger volume than it is being used at home. Thus eight months' exports of cotton were 4,691,770—a gain of 15 per cent over last year—while domestic consumption was 4,078,928 bales, a decrease of 8.5 per cent from last year.

The building boom which developed as soon as wartime restrictions were removed, is looked to by many as holding within itself the biggest influence for future trade and industrial activity or its reverse.

Wipe Out the Middleman? You Can't

By L. D. H. WELD

WHAT good has come from all the recent agitation about distribution?—or marketing, if you like the word better. The interest in this subject has been growing for years. We have had investigations, speeches, articles and books without number. Everybody seems to find things that are wrong, but nobody has been able to point out a solution that cuts down the cost of getting goods from producer to consumer. We are told that marketing ought to be made more direct by eliminating middlemen; that cooperation will solve our difficulties; that there are too many retailers; that what we need is a reduction in railroad rates; that there is too much duplication of effort in the pushing and advertising of goods of similar quality; that selling costs are too high, due to inefficiency.

One important thing that has come out of the agitation is a better knowledge of the reasons why middlemen exist. The wholesaler explains that he brings together the products made by hundreds of manufacturers, any of whom alone could not afford the sales organization to reach thousands of retailers all over the country.

Suppose every little manufacturer tried to send out salesmen enough to cover the country. The traveling and salary expense would be all out of proportion to the small sales that could be made. The difficulty of making collections would be too great.

Along comes the wholesaler, whose salesman takes orders for goods made by a hundred different manufacturers. By keeping in constant touch with his trade, he knows the

financial standing of his customers, and loses little by giving credit. Although this states only part of the wholesaler's case, the need of his services becomes obvious.

We have also heard from the retailer. He says that his cost of doing business is necessarily high, because he has to carry a large and varied stock of goods, and give a costly service, due to the demands made on him by the consuming public. Wages of sales people amount to half or more of his total expenses. An increase in volume of business has very little effect on his expenses, and even causes an increase in his cost of doing business after a certain point is reached.

Chain stores doing a "cash and carry" business save a little, but the demand for full service keeps the chain store from developing as rapidly as one might expect. The chain store is gaining, however, and this development is the most important single thing that is happening in the marketing field today. This is not a result, however, of the recent agitation about marketing, because chain stores began to develop years ago as business propositions, and had become important in many cities between 1900 and 1910.

So the question remains: Are there any important changes taking place, as a result of the recent agitation? True, much more scientific study is being given to the problem. Wholesalers and retailers are gradually adopting more efficient methods, and increasing their rates of turnover. Better grading and

packing of farm products is coming about. Cooperative marketing has wrought improvements in some directions. Better facilities are being provided for handling goods.

But no one has been able to discover any reduction in the spread between producer's price and retail price; and no very important changes have been noticeable in the organization of the marketing process. Brokers, wholesalers, retailers, all seem to be with us, and in as great a number as ever.

If people are correct in believing that goods ought to be marketed more directly from producer to consumer, one would naturally expect to see the number of middlemen cut down. As a matter of fact, there is a slight tendency in this direction, but it is only slight, and where it occurs, it has little or no effect on the cost of marketing.

Such tendency as there is toward direct marketing can hardly be called elimination of middlemen. Rather, it is the bringing together of the different marketing steps under one ownership. When a large manufacturer decides to sell direct to consumers through his own retail stores, he simply adds the retailer's functions to those that he has already been performing. He has to invest more capital; he has to hire more people; he has credit and delivery troubles, etc. He can't necessarily run retail stores any more economically than can independent retailers.

This process of combining the successive marketing steps under one ownership is coming to be called "integration" by students who are making a scientific study of the problem. This word was coined years ago by econo-





Storage Building 60 ft. x 280 ft.—The Eaton Axle & Spring Co., Cleveland

Hundreds of Good Companies Verify Your Choice

SATISFACTION with every detail is evidenced by this letter from The Eaton Axle & Spring Co., Cleveland.

While they can well afford *any* kind of structure, they quickly recognized the practical economy, flexibility and immediate use of Blaw-Knox Better Buildings. Decreased investment, with long service, is welcomed by Eaton Axle and by all successful companies.

Whether you need a small shop, warehouse, or complete plant—you *save* the Blaw-Knox way. Hundreds of satisfied users will verify your choice.

Exclusive features of Blaw-Knox Better Buildings make them preferred.

Leakproof skylights are obtainable only in Blaw-Knox Buildings. They are so built into the roof sheets that water *can't* come thru.

Steel sash is used at will.

An unbroken galvanized coating protects the copper-bearing steel sheets from rust and assures years of service.

You profit by: Low first cost. Quick delivery. Easy erection. Economically expanded or sub-divided. Moved without waste. Rust proof. Leakproof.

You May Pay As You Earn

A small cash payment—the balance as you earn. Only Blaw-Knox offers this convenience in financing buildings.

Every Industrial Executive Should Have These Booklets. Send for Them Today

"The General Manager Solves the Building Problem" is an interesting recital of the practical application of Blaw-Knox Better Buildings. "The Blaw-Knox Building Finance Plan" discusses finance as it relates to buildings. Tell us about the buildings you need—and for what purpose you need them.



BLAW-KNOX COMPANY, 632 Farmers Bank Building, PITTSBURGH, PA.

NEW YORK
30 East 42nd Street

DETROIT
Lincoln Building

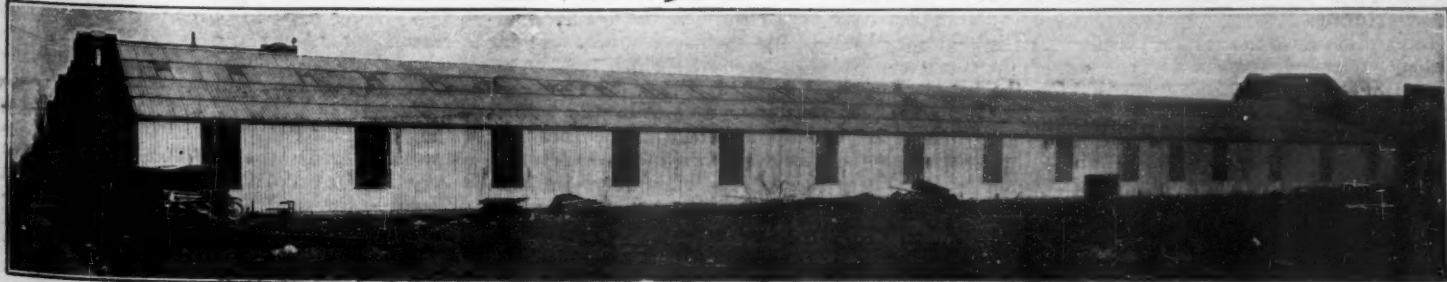
CHICAGO
Peoples Gas Building

BIRMINGHAM
1511 American Trust Building

BALTIMORE
Bayard and Warner Streets

BUFFALO
622 Genesee Building

BLAW-KNOX *Better* BUILDINGS



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mists, in describing a form of consolidation in manufacturing industries.

There have been two kinds of consolidation in industry. One is horizontal combination, as where a group of competing paper mills or cotton-spinning mills combine under one ownership. The other is vertical, where the successive steps in industry come under one ownership. A classic example is the United States Steel Corporation, which owns iron mines, steamships for carrying ore, blast furnaces, steel furnaces, rolling mills, etc. Every step from mining the ore to the turning out of a finished steel bar or plate, is owned by one corporation.

This is integration, the term that is coming to be applied to the marketing process. Integration takes place in marketing when a manufacturer does his own jobbing, or, perchance, operates his own retail stores.

Integration in marketing is a much more exact term than "elimination of middlemen," because it recognizes that there are certain marketing functions that have to be performed, and that somebody has to perform them whether or not the performers are called middlemen.

The principal marketing functions, or services, that have to be performed in getting goods from producer to consumer are as follows: the assembling of goods from various sources; the storing of goods in warehouses and stores; the financing of goods; the assumption of risks; the sorting and grading of commodities; the carrying of goods from one place to another; finally, the actual selling—sometimes helped out by advertising.

Somebody Must Do Work

THE POINT is that somebody has to perform these services and that it costs money to perform them. You can eliminate a middleman, but you cannot eliminate the work he does. A manufacturer decides to eliminate the jobber, but he does not and cannot eliminate the jobbing function. He finds that he has to build warehouses or hire warehouse space in different parts of the country; he finds that he has to tie up a lot of capital in his goods; he finds he has a much greater financial risk and much greater risk of price fluctuation; and he has to send scores of salesmen to cover the retail trade for every one that he formerly employed in selling to jobbers.

So this shows why the term integration is more exact. It recognizes the fact that the marketing services still have to be performed and that if a manufacturer decides to eliminate the jobber, he has to do the jobbing himself.

The commonest method of marketing is through specialized middlemen, such as brokers, commission houses, wholesalers, retailers, etc., and this system has grown up for the simple reason that it has been, and still is in most cases, the most economical method of getting goods from the producer to the consumer. It means that there is specialization in marketing, just as there is in manufacturing, and that the economics of specialization apply to marketing just as to manufacturing.

Integration does not do away with specialization. It merely means a single ownership of the successive specialized steps. On the whole, integration in marketing is not very common, but it is gradually growing and most of the cases are of partial integration; that is, it is extremely uncommon for one company to control all the marketing processes from producer to consumer, as in the case of the milk supply of our larger cities; rather, it is commoner for only two or possibly three

steps to be integrated under one ownership.

The tendency toward integration has developed in different directions—sometimes from the producer reaching out toward the consumer, and sometimes from the consumer or retailer reaching back toward the producer. For example, there are local cooperative shipping associations among farmers and some of them have been developing their own cooperative wholesale organizations in the larger cities; and there are manufacturers who have undertaken the wholesaling functions, and some who have entered the retail field.

As an example of the movement in the opposite direction, we have chain stores which buy direct from manufacturers, but which, in doing so, have had to build warehouses and develop their own wholesale organizations.

When the Middleman Extends

THERE are some cases of integration which have begun in the middle of the marketing chain and have reached in either direction. For example, there are jobbers who have obtained ownership in retail chain-store systems; on the other hand, there are jobbers who have reached backward into the manufacturing field.

The question naturally arises: When is integration possible and desirable? Too many manufacturers are likely to think that there must be a great saving in selling direct to retailers, without realizing the extra expense that they must incur in doing their own wholesaling. Some of the factors that make integration possible and desirable are as follows:

1. *Sufficient volume of business.* Volume is absolutely necessary. If a manufacturer is to do his own jobbing, he has got to have enough volume of business to keep down the selling costs in his various jobbing outlets and for individual salesmen. This explains why local farmers' cooperative organizations have to federate into large organizations in order to get sufficient volume to operate wholesale terminal agencies.

2. *Perishability.* If goods are perishable, there is some advantage in having one company control the whole marketing process. This means that there are few handlings, and that there is more uninterrupted expert attention given to the product. The marketing of fresh milk is a good example. It is said that the National Biscuit Company decided to sell direct to retailers because in selling through jobbers their biscuits became stale before they got to consumers' hands. This is also one reason why the large meat packers sell direct to retailers.

3. *Goods that are branded and advertised.* If a manufacturer brands and advertises his goods, he often likes to sell to retail trade, if this is possible. He wants to be in as close touch as possible with consumer demand, so that he will know how to give the best service and how to make the best product. He also likes to avoid the danger of brand substitution on the part of the jobber. And in some cases he likes to be able to control the resale price.

4. *A commodity that is a specialty.* Most staples have to go through the regular marketing channels, but such specialties as adding machines, typewriters, etc., which require expert salesmanship, and which also require special service during and after the sale is made, are often sold direct to the consumer through the manufacturers' own retail stores.

5. *Where the number of retailers is small.* A men's clothing manufacturer generally sells to only one store in a town and that store buys a large quantity of goods at a time. Groceries, on the other hand, have to be sold

through scores or hundreds of stores in the same town and the sales have to be made frequently and in small quantities.

These factors that make integration possible, suggest the principal benefits that accrue to a manufacturer, if he can control distribution to the retailer or even all the way to the consumer. In addition to the thought brought out above, the manufacturer, by doing his own distribution, can often control the flow of goods to consuming markets in better and more regular fashion. He also has a steadier market, and loss of one account is not as serious a matter as it would be if he were selling through jobbers.

On the other hand, the advantages of integration in marketing are not so great as many people might think. The advantages are more in the maintaining of good service and in the control of distribution than they are in actual saving of expense. This is a very significant fact.

In most cases, integration is simply out of the question because there is not sufficient volume to make it possible. The jobber's reason for existence lies largely in the fact that he combines the outputs of hundreds of small producers who could not possibly afford sales organizations to take goods direct to retailers.

It is true, however, that there is a distinct development of integration in marketing. As manufacturing enterprises become larger and have plants in different parts of the country, integration naturally results. Also the movement toward large individual retail stores and chains of small stores represents another step in this direction.

Methods of the Growers

SOME of the most interesting developments at present are in the marketing of farm products. The California Fruit Growers' Exchange integrates the marketing process only until its goods reach the wholesale produce dealer, and this is true of other big fruit exchanges. There is a movement on foot to associate cooperative creameries into a federation that will sell butter through its own wholesale organization, in large terminal markets.

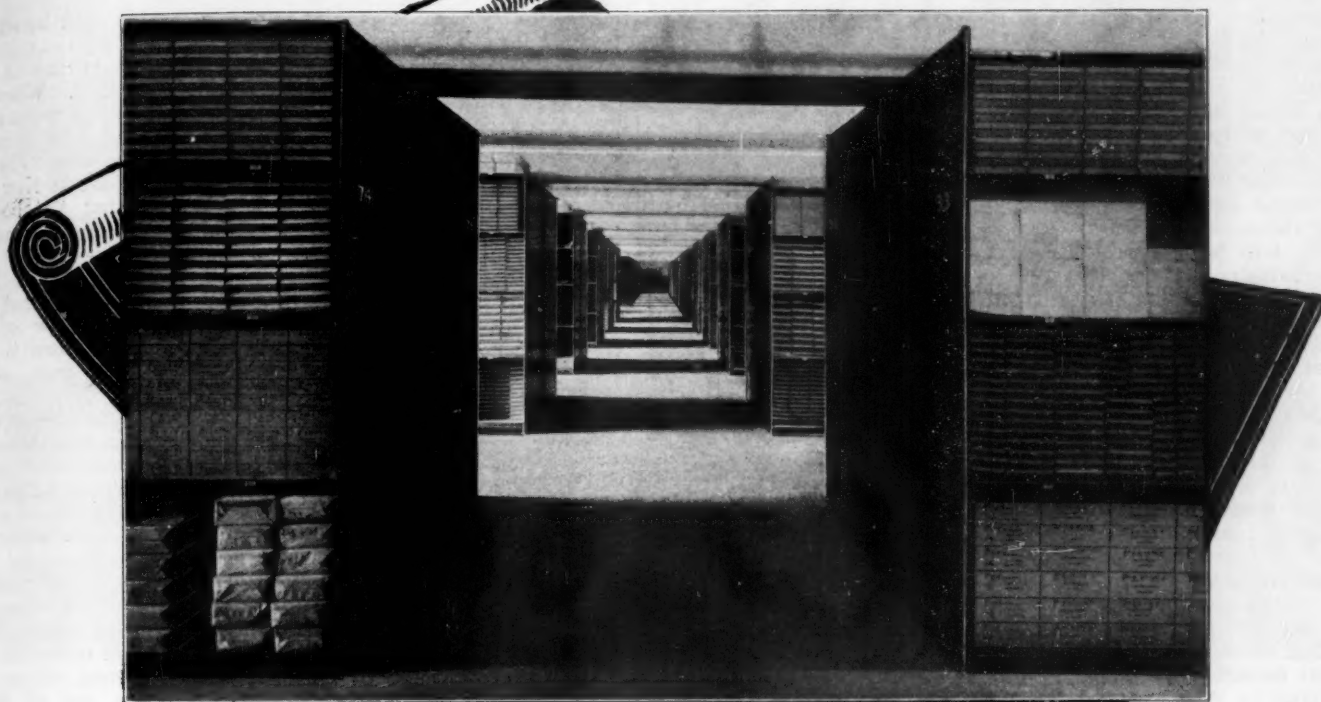
In the marketing of live stock, there have recently developed cooperative commission firms in the principal live-stock markets. A similar movement is in prospect in connection with grain marketing. In Canada, cooperative terminal marketing has been a success for years, but the experience of the U. S. Grain Growers has so far not been a happy one.

Such tendency as there is toward direct marketing, or the integration of marketing, is not a new thing, and there is little evidence that it has received any decided impetus from the recent agitation. Certain shoe manufacturers have been operating retail stores for a great many years. The big oil companies have not adopted direct sale to consumer through their own filling stations as a result of any fiery speeches on marketing. The big packers have been selling direct to retailers through their own branch "jobbing houses" for forty years.

Wherever there has been any real economic reason for "going direct" it has been discovered long ago. There have also been many attempts that have failed.

Everything seems to point to the fact that the old middleman system is to be with us for many generations to come—and for one very vital reason, which is that this system furnishes the most economical method of performing the varied and costly services of getting goods from the farmer or manufacturer into the hands of the consuming public.

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Two Fundamentals of Lyon Metallic Service

A practical storage system is pre-requisite to the installation of steel shelving. Good shelving won't counteract the effects of an inadequate system.

Lyon sales engineers, after studying your requirements, will lay out in blue print form a complete storage plan. You can see in advance just how your stock room will be arranged—how efficiently it can be operated.

They will advise you on the type of shelving it is advisable to use, Standard or Commercial Type. And you can be sure you will

have the best shelving for your needs that it is possible to build. If you desire they will supervise the installation, although it is unnecessary for Lyon Steel Shelving is easily erected. All parts are standardized and interchangeable. Sections can be added as needed and your stockroom retain a unified appearance.

It might be worth your time to get in touch with our nearest office. You will have at your service the full co-operation of the largest manufacturer of steel shelving. The following addresses are listed for your convenience.

Lyon Metallic Manufacturing Company Aurora / Illinois

BOSTON 161 Devonshire St.
CLEVELAND 1365 Ontario St.

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PHILADELPHIA 1319 Filbert St.
LOS ANGELES 1240 S. Main St.

PITTSBURGH 437 Smithfield St. CHICAGO 230 E. Ohio St.
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LYON
STEEL PRODUCTS

for every storage need

When writing to LYON METALLIC MANUFACTURING COMPANY please mention the Nation's Business

A Business Innocent Abroad

By HENRY SCHOTT
Vice-President, the Seaman Paper Company

ON BOARD S. S. *Lapland*, March 15.—While I am here with nothing else of importance on my mind, I shall do something for the cigarette manufacturers of the United States, something in the way of advice, "free gratis" and costing them nothing. We all know there is a very large overproduction of advice with a constant decrease in actual consumption. What I am offering the cigarette people is more in the nature of a warning. They still have time to save their industry, but the situation demands immediate and united action. If the present state of affairs is allowed to continue much longer they may as well begin to turn their plants into candy factories, chocolate works, soft-drink and sausage factories and compete with the men who once owned breweries.

In a few words, the danger of the cigarette industry today lies in the fat—one might say, voluminous old ladies who smoke in public. They are to be found in every smoking place aboard ship, puffing away, with fingers so fat that holders—great, long holders—must be used to make the operation possible. They smoke seriously, earnestly, as if smoking were a duty, if not an actual task, with nothing suggesting comfort or pastime. They are there to smoke so many cigarettes a day and they are determined to do it, come what may. Smoking to them indicates youth and fashion and smartness, and, possessing none of these, they covet them.

ONE OF these unhappy old ladies lost her lap many years ago. She has the face of Napoleon had he lived thirty or forty years longer with many more delusions and disappointments than he ever experienced.

She is an enlarged as well as an aged Bonaparte. To add to the effect she wears a Napoleon hat. Braced into a deep chair, she works at her cigarette chores from meal to meal.

Result: Charming debutantes, who have learned the smoking of cigarettes as an art at our best finishing schools, take one long look at the picture and quit! They don't even swear off, they quit in cold blood. The prospect is too horribly ridiculous. In the old days of temperance meetings the enterprising exhorter would hire the town drunkard to sit on the platform as a terrible example, but he was only terrible; he was not grotesque. The fat old lady cigarette burners are grotesque first and become terrible afterward.

You have never known a woman who could survive being ridiculous; anything rather than that.

"I have two young cigarette smokers in my family," said one of the passengers who has resigned from the, well—the Doctor Said Club. "I'm sorry I didn't bring them for the cure."

The young things are appearing more and more without their cigarettes. When you ask them about it, they say they simply don't

care for them, that once they smoked day and night; and then they take a look at one of the aged and fat of their sex, puffing away, and shudder.

A constitutional amendment, forbidding the public use of cigarettes by any woman who has been married twenty years, or has passed the age of forty-five, or who weighs more than one hundred and eighty-eight pounds ring-side, might yet save the cigarette manufacturers, but even that would require very speedy action. The men have seen the handwriting on the wall; they are taking to the pipe.

It has been suggested by one of those devious minded beings always present that these fat old lady smokers are a part of the propaganda of the Anti-Cigarette League, in fact, on the pay roll; that they are posted in conspicuous places in resort hotels and restaurants, as well as steamships, simply to make cigarette smoking unfashionable. It sounds reasonable, but it is probably far fetched. At the same time they are there, they are getting in their deadly work and the cigarette people may as well understand and face the situation.

THE OTHER day this boat stopped at Funchal, which is in Madeira. White, with pink tile roofs, it is built in terraces on the mountainside.

"Reminds me of Duluth," said the lady from Minnesota. That kind of feeling for the old home town seems to me a particularly commendable trait of American self-illusion. We still possess the pioneer spirit in our city building; we see our own community through glasses that make the gray walls white, the black roofs pink and cover barren hills with green. It's the Chamber of Commerce, park board, the Ladies' Fortnightly, the Art Insti-

tute, the Rotary, all rolled together. It's the everlasting optimism that made pioneering possible.

Man-power is cheaper than horsepower in Madeira. It costs less to drag a load there than to make wheels and roll it. When you go for a drive you use a sledge with runners of 2 by 10 planks and there is no snow; the kind of a sled they use in New England except that the body is made of mahogany. A yoke of undersize oxen—doggies they would call them in the stock yards—do the pulling and there is an operating crew of two men. As I said, man is what they have the most of in Madeira.

Madeira means wine to all of us and embroidery to the women. Neither of these industries are of enough volume to give the population more than a very bare living. Some sixty years ago a pest destroyed the vines and while they were replanted the Madeira of the other days has never come back. I was told—shipboard talk—that 1863 was the last great vintage year. Probably true, for all of the shops—they sell wine in dry-goods stores, confectioneries, anywhere—offer 1863 Madeira at about five dollars a bottle.

"or what have you." But there are still millions of gallons of pre-1863 in store at Funchal, if it interests you. In the middle of the town there are two wineries, much like packing houses in size and construction, except, I should explain, the walls carry vines with purple and red flowers.

THE MADEIRA embroideries are made in convents and by women and children in their homes. The workmanship is beautiful, but they lack quality in designs; almost tawdry. More free advice. The Portuguese minister of commerce should send someone to Funchal to teach the embroidery workers new forms. It would double the value of their product.

Men engaged in the foreign trade in embroidery have been doing a little cheating by way of undervaluation in the customs. Only a short time ago the American consul at Madeira was the means of having one of these gentlemen pay a \$50,000 fine to the United States, and he is getting his cash register ready for some more.

The streets are paved with flat stones set on edges, the sidewalks with pebbles in rows, or in geometrical designs. When they finished paving the streets and sidewalks, they turned to retaining walls, making the island a maze of little terraced planting places for sugar cane, vegetables and vines. That little job out of the way, they dug holes, paved them bottom and sides and called them cisterns. The statistician on the ship—at home he is an accountant of high degree and on his holiday he amuses himself by covering paper with figures—says the cost of the stone work in and about the town of Funchal, if done at the American union scale would pay all of the allies' war debts, including what America has coming, and leave enough over



It was beginning to clear up, and he thought the rain might stop in three or four weeks.

The Pacific Northwest's *New* Industrial Center

LONGVIEW

Washington

THE CITY PRACTICAL THAT VISION BUILT



Hotel Monticello in Longview—modern, fire-proof, 200 rooms with bath—a mecca for tourists.



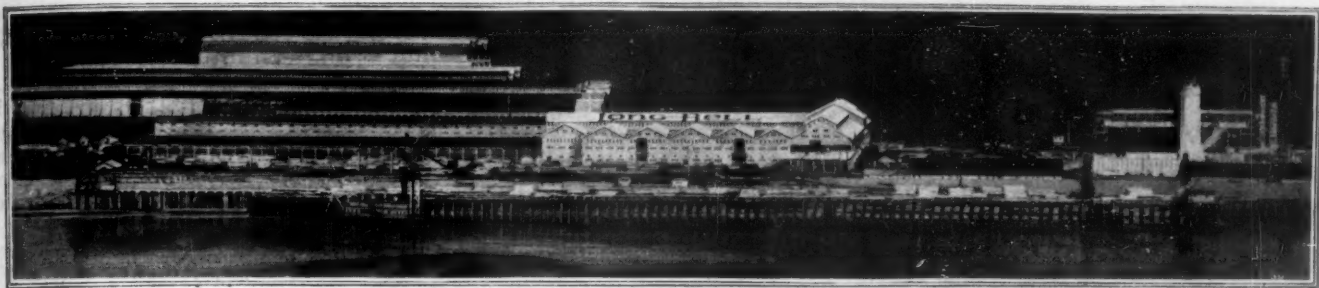
Commerce Avenue—a little more than a year ago marked only by surveyor's stakes.



An ocean-going freighter unloading cargo at Longview's temporary docks on the Columbia River.



Longview National Bank, one of two banks in the new city, with combined deposits of 1 million dollars and 2,500 depositors.



A view of The Long-Bell Lumber Company's great manufacturing plants taken February 11, 1924, from a point nearly a mile away, on the opposite bank of the Columbia River. This plant will start operations in July. Thirty-four acres of buildings are under roof. The docks in the foreground are 1400 feet in length.

LESS than a year ago, there was announced in these columns the beginning of a new industrial city in the Pacific Northwest—Longview, Washington, halfway between Portland and the Pacific Ocean on the Columbia River. At that time, Longview's chief claims for recognition as a logical site for industries that sought an ideal location in America's fastest growing section were transportation by rail, by river, by sea and by highway; raw materials; fuel and power; accessible markets; and a mild, healthful climate.

Today, Longview has all these and more! Today, Longview is a live, thriving, going, growing city of more than 5,000 population. It has 74 miles of paved, graveled or graded streets; 17 miles of concrete sidewalks; 14 miles of water mains; 22 miles of storm and sanitary sewers; 18 miles electric pole lines; 6 miles underground electrical installation; many permanent business buildings; three modern hotels, one—The Monticello—equal in beauty and service to any in the Pacific Northwest; a modern school, with 850 pupils and 24 teachers; an eight column, eight to twelve page daily newspaper; nearing completion, Columbia River docks with a berthing length of 1,400 feet, The Long-Bell Lumber Company's gigantic fir lumber manufacturing plant, an electric power plant with an ultimate capacity of 36,000 kilowatts; The Longview, Portland and Northern Railroad, under construction, extending in a northerly direction from Longview through a rich agricultural section and opening up one hundred thousand acres of the finest virgin fir timber in the Pacific Northwest; more than 600 homes built, and many others now under construction; a "Community House", replete with gymnasium, swimming pool, auditorium, etc., the center of civic and athletic activities for both men and women; churches, lodges; a complete municipal

government; modern street lighting system; parks, golf course, tennis courts; boulevards; a post office, less than a year old, advanced from fourth to second class; suburban garden lands opened and being settled.

Such is Longview today!

Located in the heart of the Pacific Northwest with its abundant undeveloped resources, in one of the most rapidly growing sections of that great empire, offering transportation facilities that include rail, river, ocean and paved highways; offering a modern, model community, expertly planned in advance; unexcelled climate; offering ideal industrial sites and other land and business property at reasonable prices—Longview presents a layout of remarkable attractiveness:

- to industries, both large and small, seeking a Pacific Northwest location;
- to persons seeking an ideal place in which to live;
- to suburban farmers, truck growers and dairymen.

Longview should be seen for a proper appreciation. It is in the direct line of summer tourist travel in the midst of wonderful scenic grandeur, at a point where the paved Pacific Highway, running north and south, first meets the famed Columbia River Highway. Three transcontinental railroads—the Northern Pacific, the Union Pacific and the Great Northern—are at its door; pleasure steamers ply up and down the Columbia River and the mighty Pacific Ocean is but 50 miles to the west. Include Longview in your trip to the Pacific Northwest. Longview will give you a true western welcome and you can see the marvelous spectacle of a great city being built before your eyes.

The Great Long-Bell Plant Starts In July

IN JULY of this year The Long-Bell Lumber Company will begin the operation of its great fir lumber manufacturing plant now nearing completion in Longview. To see it in operation is well worth including Longview in your trip to the Pacific Northwest. This company owns large tracts of fir timber adjacent to the new city and, after a most careful investigation, selected Longview for its great plants because of its perfect location.

Summer railroad rates of approximately ½ fare for the round trip to Longview and other Pacific Northwest Cities in effect May 15.

THE LONGVIEW COMPANY, LONGVIEW, WASHINGTON

Use this coupon to write today for carefully prepared and profusely illustrated literature on Longview and what it offers to industries, large or small—what it offers as a clean, modern city in which to live and work contentedly.

THE LONGVIEW COMPANY, Longview, Wash. Dept. 12
Gentlemen: Please send me literature concerning the new city of Longview. I am particularly interested in its opportunities for: (Make a check mark in the square)

<input type="checkbox"/> Manufacturing	<input type="checkbox"/> Professional
<input type="checkbox"/> Wholesale	<input type="checkbox"/> Home Site
<input type="checkbox"/> Commercial	<input type="checkbox"/> Retail
<input type="checkbox"/> Income Property Investment	<input type="checkbox"/> Suburban Garden Tracts

Name _____
Address _____
City _____ State _____

to run another first-class war for a year and a half. A New York contractor has gone over his figures and says they are substantially correct, but advises a 30 per cent addition as a factor of safety to cover possible strikes, lockouts, etc.

In the rainy season some of the earth on the painfully built mountainside terrace farmlets is washed away. Before it reaches the ocean the farmers reclaim it, as if they were washing for gold. With sledges and baskets they carry it back to the land. Everywhere one sees these baskets of reclaimed black soil returning to usefulness.

WICKER furniture is another means of livelihood for the Madeirans. It is large in volume measured in cubic feet, but the value of the annual output would not buy tires for one small town in Iowa. When a liner stops at Funchal the wicker makers load barges with chairs, tables, settees and hampers and open an ocean-going market about the ship.

Can you imagine yourself on a pleasure voyage, buying a large reed chair for \$2.35, adding it to your baggage and carrying it around the Mediterranean, back to New York and then having it crated and shipped to Youngstown, Ohio? Well, it is done. One man—actually his wife—bought enough to supply a front porch ample enough for a family of six unmarried daughters. I hope I am not on the pier in New York when he begins unloading, packing and shipping. It seemed to me a case of deliberate, wilful, search for trouble, not to say anguish. I should not be surprised if it proved to be the beginning of some trouble between him and his wife.

The economic conditions of Madeira are deplorable, but the people are friendly, smiling and courteous. Until the last years of the eighteenth century they were slaves and they are not far removed from that state today. Clothes, shelter and cheap food are about all that life offers them and they do the work of pack animals.

On the mountain, 3,000 feet above the harbor, is a hotel, owned and loyally supported by the English. A cog railway with German locomotives is one means of transportation from the town. The other is another one of those paving jobs, four miles of roadway corkscrewing its way up the mountain. Tourists go up on the cog road and coast down over the smooth cobble stone.

A wicker basket with a seat for two is made fast to the usual runpers. Two men, each holding a short rope attached to the back of the sled, make up the train crew. It's downhill all the way, decidedly downhill; with hairpin curves, S curves and all of the other opportunities for danger posts was the road marked. Precipices are also provided.

The two men walk, trot and gallop down the four miles barefoot over the stones. When the sled skids, the one on the lower side throws his weight against it, bracing himself with a foothold against the curb, while the other pulls on his rope, exactly like a team of horses handling a heavily loaded wagon on a steep, slippery hill. The men look old,

wrinkled and drawn, but the man who knows all about everything says they are hardly past forty. He says the constant pounding up the mountain and running down, pulling and hauling, ages them.

Along this road are many wall-enclosed villas. I was told that the Emperor Charles of Austria, when exiled to Madeira by the Allies, died in one of these houses. By the way, our well-known and esteemed Christopher Columbus came to Madeira twenty years before he discovered us. He married here and his patient father-in-law taught him most of what he knew about navigation.

England owned Madeira for a short time two hundred years ago and now has something of a benign protecting interest in it. The location puts it right on the corner of Main Street and Grand Avenue for ships in the South African trade, many of them stopping here regularly for coaling and water.

"Some day, when England is not so busy with other things you'll find a great station in Madeira," one of the several authorities on international affairs told me. "It will be English then." If I were a native of Madeira—but why enter into that?

PHYSICALLY the Madeirans have a superior development of the legs and thighs. Pushing loads uphill and holding them back downhill do the business. If the natives ever learn about marathon races it will be first, second, and third for Madeira in every event.

Another peculiarity in their conformation is that the right arm is from three to five inches longer than the left. This comes from training the babies at the age of two to hold out their hands to tourists, begging for pennies. When a ship comes in the youngsters of Funchal play hooky and spend the day begging,



When a ship comes in the native children play hooky to beg.

just as the lads at home would go fishing or nutting.

CONSPICUOUS on the magazine table in the main reading room is a bound volume of *Harper's Weekly* of 1910—just thirteen years and two months out of date. On the very same table is another bound volume of *Harper's Weekly* of 1910. There are no

other *Harper's Weeklies* on board; I asked, feeling that I wanted to keep up to date. I opened one of these books at random and struck a full page picture of the King George, then Prince of Wales, and the Czar Nicholas, standing arm in arm, both in naval uniform and both smiling. The sub-line was something about "Striking Resemblance of Two Royal Cousins, the Czar of Russia and the Prince of Wales." Much has come to pass since those two stood for that photograph.

THE OTHER day we stopped at Gibraltar.

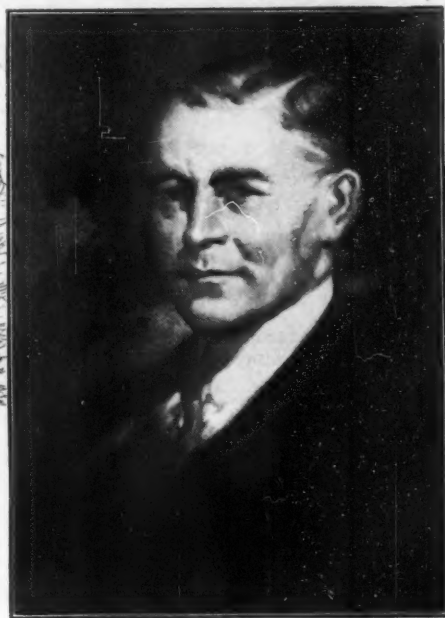
It was raining enthusiastically, wholeheartedly. According to a man in the port office the worst of the shower was about over. He predicted that it would clear off within three or four weeks, for it had already lasted a hundred and ten days. Gibraltar lives up to the insurance company in every respect. You would know it if you met it out in Indiana.

Algeciras where they held the conference, is one hour's drive over in Spain. The Princess Battenberg, or Mount Batten, sister of King Edward, has been spending a month at a garden hotel much frequented by English. With all their hard straits the English still manage to support a large portion of the resort hotels in Europe. While the Americans from the *Lapland* were at the hotel for luncheon the Queen of Spain, daughter of the Princess Mount Batten, arrived from Madrid to spend a week with her mother. It was the meeting of a pretty, fair-haired young English woman and her mother, except for the presence of a group of Spanish army and navy officers in the fullest of dress.

On the road we passed many carts drawn by mules, two, three and even four tandem. Our chauffeur said that about all of the mules came from America—that the Missouri product was displacing the Spanish article. At the same time this particular part of Spain is steadily improving the breed of bulls used for fighting purposes. I saw one Texas cow pony with a ten-inch brand on his shoulder pulling a little cart along the road. Evidently a survivor of the war, retired to civil life.

We were to have spent a day at Algiers. When the ship arrived off the city, the undertow in the harbor was so strong that the pilots even refused to come out. From 10 at night until 3 the next morning the ship cruised about in circles, hoping that conditions might change to permit landing by tender. The last wireless from the port officer said no one would dare to try to go to the ship, so we passed up Algiers and set off for Monaco. Few of the passengers complained, although a Los Angeles real estate man felt that the captain and the port authorities were altogether too careful and he wished he had an opportunity to talk to them.

Well, I saw the lights of Algiers—I may truthfully say saw Algiers. And when someone talks big about what he experienced there, I can lean back, look off in the distance and say: "I suppose I saw that old place in Africa in a way few people have seen it—Algiers by night—the whole city laid out before me. It's a sight I shall never forget and one I never talk about—Algiers by night."



One Teacher

- - - yet two men!

SOME time between eight and twelve o'clock to-night, in answer to ambition's call, thousands of men will assemble in the world's greatest school-room.

They will be men of all ages and of varying types, and they will study many subjects. But whoever they are and wherever they are, they will have one thing in common—the desire to learn more about their work, and through learning, prepare themselves for greater achievement in business and in life.

Because of the very nature of their needs and circumstances they require an unusual educational service. For these men must study as they work. Their home is their classroom. They have salaries to earn—families to support. They want specific knowledge about a specific thing, and they want it in such definite, practical form that they can use it immediately in their daily work.

They are a distinctive type of student and, as such, require

a distinctive type of teacher—a man who possesses a combination of college training and practical shop or office experience.

The faculty of the International Correspondence Schools is a carefully selected group of just such teachers. Each director, principal and assistant principal has had not only a sound educational training, but actual experience in the work in which he instructs others. He has not only the academic viewpoint, but he is able to put himself in the place of a man in the shop or office and has a close and sympathetic understanding of his problems. *He is able to help the student do the work he wants to do because he has done that work himself.*

In addition to the dean and assistant dean, there are thirteen faculty directors of the



International Correspondence Schools. Associated with them or under their direction are twenty-two principals and assistant principals and over three hundred other instructors, specially trained and developed for the distinctive educational service they render. And two hundred more practical men write or contribute to the textbooks and lectures which form the basis of instruction in three hundred and fifty technical and commercial subjects.

Herein lies the secret of the remarkable success of the I.C.S. plan of education. Practical students studying practical texts under the direction of practical teachers have attained the advancement and won the rewards that such a policy is bound to bring them.

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Scranton, Pennsylvania

Offices in leading cities of the United States and Canada, and throughout the world

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Senator Hiram Johnson and Business

By JOHN CALLAN O'LAUGHLIN

THERE is a sturdiness in the way Hiram W. Johnson, United States Senator from California, fights for the things in which he believes that enthruses his friends and infuriates his enemies. He is whole-hearted in his approval and equally whole-hearted in his denunciation. There is nothing half way with him. Either a measure is good and deserves support or it is bad and deserves repudiation.

The Johnson of the United States Senate is exactly the same Johnson who was Governor of California. He is pressing his charge of an alliance between big business and politics in the National Government just as he attacked a similar alliance in his state. He wants precisely the same things for the nation that he sought for the state. He sums his desires up, in the one expression—"the right of everyone to happiness, to God's sunlight, to the right to live."

"And how are these to be gained?" he asked, repeating my question. "By so conducting ourselves and our government that opportunity shall be free and open to all upon identically the same terms and conditions. Every privilege granted to the few increases heavily the burdens resting upon the shoulders of the many and deprives the latter of that much less of the fundamental rights to which all are entitled equally. The Great War tore the bandage from the eyes of humanity. It came to understand that in the same proportion as it had to serve, so it had the power to demand. Its consciousness was quickened and with that quickening arose discontent."

"We know that this discontent is not with government; rather it is with the lack of it. There are millions upon millions who cannot understand why laws cannot be enacted which will prohibit child labor, which will fix a minimum wage for women in industry. These people do not want foreign adventure. Besides those human enactments which are essential for the race and for happiness, they want a distributed prosperity, a prosperity which will go round to all, which will mean better filled larders, better crops and better prices."

"But," I suggested, "there are certain inexorable natural laws which have a decided bearing upon the attainment of these conditions."

"Yes, there are certain inexorable natural laws," replied the Senator, "but those laws should be made free to operate and not hindered by artificial conditions which have been created by man-made laws. Give those natural laws unhampered play, and a country as productive, as rich in natural resources as the United States would provide the general prosperity which is our aim."

"The people have no quarrel with big business because it is big, but they have quarrel with such excrescences of big business as seek to direct the Government for their own ends. Those excrescences must be cut out, we must secure a government of, by and for the people, and only then and not until then shall

JUST before Congress convened Julius H. Barnes in THE NATION'S BUSINESS presented in outline his views of the attitude Congress should take on pending legislative questions that affected industry. Briefly these were the main points:

TAXATION. A lightening of the burden and a following of Secretary Mellon's ideas.

TRANSPORTATION. That Congress should go slowly with changes in regulatory legislation.

MERCHANT MARINE. That the Government should be taken out of competition with private industry.

IMMIGRATION. Some policy of selection which should give due consideration to both citizenship and industry.

INTERNATIONAL RELATIONS. That this country, perhaps through the world court, should take a continuing interest and share in the remaking of Europe.

From time to time we have submitted Mr. Barnes' views to leaders in both political parties and asked them their views. Here Senator Hiram Johnson, of California, speaking through John Callan O'Laughlin, gives his opinions; and not always does he find himself in agreement with Mr. Barnes.—THE EDITOR.

we possess that equality of opportunity which is a part of the requirement for general prosperity.

"I hold that business itself would benefit by the elimination of privilege. That great artery of our life is clean and wholesome, but there are obstructions which check its service, and those obstructions must be removed if the benefits are to be equally shared. What is true with respect to business is true with regard to the farm. The criminal deflation to which the farmers were subjected advantaged the few but it did not help the country as a whole.

Farmer Our Charge, He Says

"THE FARMER is so essential to the well-being of the nation that in my view he should be one of our first charges. It is not enough to give him more credits, for more credits merely put him deeper into debt. It is enough and it is desirable to make credit easy for him and to free him from a banking control which strangles him. There have been some creditable steps taken in this regard. But we must do more. We must aid him to secure a higher purchasing value for the products he raises, and we can do this in part by measures which will assure him cheaper fertilizer and the reduction in cost of other materials essential for production, and by facilitating better conditions in connection with the marketing of his produce.

"We can help him further by requiring the free play of competition in connection with the manufacture of goods which he buys. Further—and this is of direct importance—we must aid the farmer to secure lower freight rates. It is the business of the Government carefully to scrutinize the spread between production and consumption, to find out where economies can be effected, and to effect them, and to see that those economies go to the man in whose interest they are made. The farmer cannot raise himself by his own boot straps from the morass in which

he is floundering. He must be helped, and the only source to which he can turn for help is the Government. We must not fail him; to do so is to add to the discontent which exists in the farming region."

I suggested to the Senator that reduction of taxes would be of benefit to the farmer as well as to the rest of the country.

"It is axiomatic," he responded, "that overtaxation is destructive to prosperity. You cannot continuously take large sums for the operation of government which are not needed and which, of course, are non-productive. It had been estimated that there would be a heavy deficit in the Treasury as a result of the taxes in force during the fiscal year ending in June, and this estimate caused President Harding to withhold any recommendations regarding tax reduction.

"Then it was discovered that a surplus of \$350,000,000 would be available and this discovery led to the presentation of the so-called Mellon

plan. The fact that an error occurred in the estimate presented to President Harding should lead us to be careful as to our acceptance of the later estimate. I feel that politics should not govern our action in tax reform. That is a fiscal matter too vital to the country's welfare to serve as a football in a campaign. We should subject it to a thorough study, enjoy the advice of unprejudiced experts, and reach our conclusions with full justice to every one concerned.

"Of those who pay taxes, 13,600,000 make returns on incomes of less than \$10,000 per annum, and only 330,000 return on more than \$10,000. Under the so-called "Mellon Plan," the men who pay on \$250,000 will save \$40,000; those who pay on \$300,000 will save \$63,000; those who pay on \$500,000 will save \$117,000; those who pay on \$1,000,000 will save \$252,000 and the few who pay on \$5,000,000 will save \$1,330,000.

"Here is a plan which in my judgment is designed solely for the benefit of the wealthy who can best bear the burden of taxation and has slight concern for the men and women of small incomes who can least bear the burdens. I hold that it is the latter who should have our first regard and that the more fortunate among us who by reason of their property interests call for greater government protection and consequently greater government expenditure, should bear their proportionate share of the tax levy. I would not for a moment be unjust to rich men or to big business, I would be as scrupulous in fixing their taxes as I would be in fixing the taxes of the man who draws less than \$5,000 per year. But I would have a measure which would distribute the load and effect that equality which is of paramount importance."

The Senator paused for a moment.

"But," he said after mature reflection, "I would rather we should make no reduction on large incomes than violate our pledged word to grant the men who fought our battles during the Great War the adjusted compensa-

Drive to the Great Lakes

Here is a country of inexhaustible attraction to the auto tourist. There are 2,000 miles of paved roads in this great vacation ground—and

Be Sure to Visit Niagara!

To Go to NIAGARA—Come to Buffalo

Come and live in comfort and luxury at Hotel Statler—only twenty-two miles from the Falls—and take your choice of five different ways of making the short and pleasant trip. The new Statler (on Niagara Square) is a delightful hotel in every sense, and a visit to it will add no little to the pleasure of your vacation trip.

Just across the street from the hotel is the brand-new Statler Garage, a six-story, 500-car garage with service on every floor and all the convenience that can be built into a service-structure. Cars are driven to location under their own power, double-row parking is eliminated; and incoming and outgoing cars never have to meet or pass each other.

And the Lakes Country

New paved roads—a continuous pleasant highway west from Buffalo or east from Chicago—take you through the summer playground that offers almost any sort of recreation you seek. From Detroit they lead you into the wonderland of Michigan resorts, over the new Michigan Trail. In whatever direction you go you will find beauty and pleasure.

Stop at the Statlers

There are Statler Hotels at Buffalo, Cleveland, Detroit and St. Louis, and in each of them you will find comforts and conveniences that will add greatly to the pleasure of your vacation. Each of these cities—as well as the resorts nearby and the pleasure-grounds to which they are the gate-ways—is well worth a long visit.

And Statler service is guaranteed.

Guarantee of Statler Service:

We guarantee that our employees will handle all transactions with our guests (and with each other) in the spirit of the golden rule—of treating the guest as the employee would like to be treated if their positions were reversed. We guarantee that every employee will go to the limit of his authority to satisfy you; and that if he can't satisfy you he will immediately take you to his superior.

From this time on, therefore, if you have cause for complaint in any of our houses, and if the management of that house fails to give you the satisfaction which this guarantee promises, the transaction should then become a personal matter between you and me. You will confer a favor upon us if you will write to me a statement of the case, and depend upon me to make good my promise. I can't personally check all the work of more than 6,000 employees, and there is no need that I should do so; but when our promises aren't kept I want to know it.

My permanent address is Executive Offices, Hotels Statler Co., Inc., Buffalo.

J. M. Statler



Both these Books are Yours for the Asking

Here are two interesting booklets. One of them gives you fourteen photos taken from an airplane on the trip from Buffalo to Niagara; the other, maps, running directions and other information about the 2,000 miles of good touring along the Lake Erie-Niagara Trail, and the Michigan Trail. Ask for both.

TEAR THIS OUT AND MAIL IT

To Hotel Statler, Executive Offices, Buffalo, N. Y.:
Please send me your booklet on the Niagara Falls trip, and folder (with maps) on the Great Lakes Tours.

Name

Address 102

HOTELS STATLER
BUFFALO: 1100 rooms, 1100 baths. Niagara Square. The old Hotel Statler (at Washington and Swan) is now called Hotel Buffalo; and the old Iroquois Hotel is closed, not to re-open.
CLEVELAND: 1000 rooms, 1000 baths. Euclid, at E. 12th.
DETROIT: 1000 rooms, 1000 baths. Grand Circus Park.
ST. LOUIS: 650 rooms, 650 baths. Ninth and Washington.
BOSTON: Now preparing to build at Columbus Ave., Providence and Arlington Sts.

STATLER
and Statler-operated
HOTELS

Hotel Pennsylvania
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The largest hotel in the world—with 2200 rooms, 2200 baths. On Seventh Avenue, 32d to 33d Streets, directly opposite the Pennsylvania Railway Terminal. A Statler-operated hotel, with all the comforts and conveniences of other Statlers, and with the same policies of courteous, intelligent and helpful service by all employees.

Every room in these hotels has private bath and running ice-water; in every room is posted its rate, printed in plain figures.

tion to which they are entitled. When the Congress passed a bill of this character, President Harding vetoed it because of the Treasury estimate of a deficit. Now that we have a surplus, still it is proposed to deny the modicum of justice due the men who offered their lives for the defense of their country. The principle of adjusted compensation is not novel; it was recognized by our Government in connection with war contracts terminated by the armistice; by the War Minerals Act which took care of the mining interests; and in fact by practically every business engaged by and with the Government during the war. Certain businesses received more than \$300,000,000 in adjusted compensation. Yet we are in the position of denying to the men who wore their country's uniform, for a pittance of \$30 per month, the application of the same principle in their interest. During the debates in Congress, the Treasury estimated that the amounts to be paid under the Adjusted Compensation bill would aggregate less than \$100,000,000 the first few years. With a surplus of \$350,000,000 it is apparent we can still reduce taxes on incomes under \$10,000 exactly as in the plan presented by the Secretary of the Treasury and can reduce other taxes in some degree."

"What about immigration, Senator?" I asked.

"Immigration is a purely domestic question. It is for us to deal with as we see fit. We have the absolute right to say what races and what numbers of each race shall enter and even to deny the right of entrance. I assert emphatically that one of the attributes of sovereignty is control over immigration. To surrender it is to destroy. We must not permit an influx of people who cannot mingle with us. We all respect the Japanese people. We concede their many admirable qualities. But to permit their continued admission is to introduce a poison which will vitiate our race. For them to object, to go to the lengths of protest, to threaten us with war, is to say to the average citizen, 'I shall kill you if you don't admit me to your house.' I believe a firm statement of our attitude will be effective in settling this aspect of the immigration question and cause that respect in Japan which is essential to peaceful relations. As to the question in general, it must be selective and regulated so that while in numbers it will be a total we can readily absorb, it will be in quality such as to strengthen rather than weaken our stock."

"And the League of Nations, Senator," I suggested.

"In spite of the efforts which are being persistently made to resurrect it," the Senator replied, "the League

is dead. The American people will have none of it. They buried it by the overwhelming vote they cast in 1920. The fact that the Senate has taken no action and will take no action on the proposal for entry into the world court is in itself a sufficient commentary upon the moribund position of this and other relations of the League. Obviously, if we should join the League Court we should ultimately be a part of the League and that would mean our embroilment in European affairs, which is the sole aim of the internationalists among us.

"In describing the court as 'a convenient instrument of adjustment to which we could go but to which we could not be brought,' the President expressed the utter ineptitude of this agency, valuable only to those who saw in it that entanglement in Europe they have constantly advocated. We cannot deny to other nations what we deny to ourselves; and if we can refuse to appear before the court, so can they. The court may request a wrongdoer to submit to its judgment, but the wrongdoer may decline to submit. Should a powerful nation commit a wrong against a weaker, the latter's distress may cause the court to intervene in its behalf; but of what value is its intervention if the former says bluntly it is none of its business and declines even to discuss it?"

"All the court can do is to hand down the solemn declaration that there is nothing further to do in the matter. It takes no great amount of study to prove that the court is valueless and cannot in the slightest degree affect the peace of the world. War is terrible, but there are other things perhaps as wicked.

To seek to convince a people that they are safeguarded from the horrors of war by reliance upon a perfectly futile agency is to lead them to a supine powerlessness and such a condition invites war. We have arbitration treaties with nearly every important nation and under the terms of those treaties controversies must be submitted to the Hague Court, which is in actual operation, for determination. Why then the need of entry into the world court? Solely that we may finally be taken into the League.

"There are numerous ways in which we have been of assistance to Europe and by which we can continue to be of assistance. Our charity has been a blessed thing. We have

been ever ready with a helping hand. We have extended credits which have enabled Europe to start on the long road towards regeneration, and daily we are granting further credits for the same purpose. We have been free and because of that freedom we have been in a position to serve. I resent the charge that we can speak only in concert with others and not alone. Let us become entangled in Europe, the shuttle-dore in the game of European politics, and the independence which is our strength and which gives moral weight to what we say will have disappeared. The friends with whom we may associate today will regard us with suspicion tomorrow."

Plans to Adjust Postal Pay

BILLS before Congress to increase the compensation of postal employees call for an increase in the postal budget of from \$43,000,000 to \$150,000,000.

The lower figure represents the cost of the bill proposed by the Postmaster General. The higher figure is the estimated cost of the Kelly-Edge bill, which is supported by the postal employees.

The Postmaster General proposes that the cost of the departmental bill be met by a revision of postal rates to provide the following increases of revenue from the various classes of service:

Second class.....	\$4,985,000
Third class.....	500,000
Fourth class.....	30,100,000
Insured.....	1,750,000
C. O. D.....	1,200,000
Registered.....	1,100,000
Special delivery.....	900,000
Money orders.....	2,761,000

No provision is made in the Kelly-Edge bill for increasing the postal revenue to meet the additional expenditure it would involve. But the money must come from somewhere and presumably it is to be taken out of the general Treasury fund. The public, therefore, is confronted by the dilemma either of paying more for its mail service or foregoing a reduction of taxes equal to one-half the amount that would be made possible by the enactment of the Mellon bill.

A third proposal has been advanced by the Postal Service Committee of the Chamber of Commerce of the United States whose report will be considered at the forthcoming annual meeting of the Chamber in Cleveland. Recognizing the greater need of postal employees in metropolitan areas and industrial districts where the cost of living is relatively higher and the opportunities afforded by private industry are more attractive, the committee has recommended increasing the pay of postal employees in these districts.

Reports covering 834 first-class and 2,811 second-class post offices, compiled for the Postal Service Committee by the Civil Service Commission, indicate that no general difficulty is encountered in maintaining eligible lists for the postal service. But in about 100 localities, almost without exception large cities or industrial communities, there are difficulties, due to the higher cost of living in metropolitan districts and the higher wage scales prevailing in industrial centers.

As to the quality of employees and eligibles, the reports indicate that in the industrial area, the standard is considerably below that maintained before the war. In the rest of the country, with few exceptions, no marked deterioration is observable, and the compensation of postal employees compares favorably with the wages paid in private industry.



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Senator Hiram Johnson



Ask Your Chief Engineer

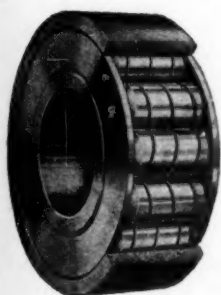
THE man who designs your machines—the one on whom rests the responsibility for the proper performance of your product or of your manufacturing equipment should be able to give you some interesting information about Hyatt roller bearings.

He will tell you that Hyatt bearings have established a reputation among technical men for sound design, sturdy construction and reliable operation.

This reputation is the outgrowth of 33 years of use during which time Hyatt bearings have been applied to the machinery of practically every industry.

Bearing trouble, the chief cause of breakdowns in plain bearing equipment, is eliminated in Hyatt equipped machines. Smooth operation, reduction in power requirement, savings in lubrication and maintenance, and general dependable performance are some of the advantages resulting from Hyatt bearing installation.

The Hyatt engineering staff is prepared to submit without obligation full information on the application of these bearings to any class of machinery.



HYATT ROLLER BEARING COMPANY
 NEWARK DETROIT CHICAGO SAN FRANCISCO
 HUNTINGTON PHILADELPHIA PITTSBURGH MINNEAPOLIS
 WORCESTER BUFFALO CLEVELAND MILWAUKEE

Speaking English in England

"PARDON me, officer, can you direct me to a drug-store?"

The English "Bobby" to whom this question was addressed looked in amazement at the American questioner. He had seen in the sensational newspapers strange stories of American drug-fiends, but to have one accost him thus boldly and ask where to get drugs extinguished his equilibrium. The "constable" gasped with relief when the American explained that what he wanted was some anti-septic for a sore throat, and cheerfully directed the sufferer to the "chemist-shop" on "High Street." "High Street" in England is Main Street in America.

Having purchased his medicine without further difficulty, the American, who had always imagined he spoke English, thought it might be well to tie a handkerchief around his sore throat. He asked the chemist where the dry-goods store was located.



The courteous chemist was as puzzled as the policeman. A "store" in England is a warehouse; what dry-goods might be was beyond the chemist's comprehension. Reference to handkerchiefs solved the puzzle and the chemist sent the traveler on to the "draper's," who "stocked" handkerchiefs, as well as "reels" of cotton, "serviettes" (never napkins), "mantles," which means ladies' cloaks, and many other articles which the American had not heard called by the names the "shop assistant" gave them.

On the way back to the hotel the sore-throated American remembered his little son awaiting him and wished to take him some candy and peanuts. He stopped at the confectioner's—this time the sign was intelligible—but when he asked for candy and peanuts, he again caused astonishment. The confectioner had "sweets" and "lollies" and "monkey nuts," but he had never heard of candy and peanuts. He sold also blocks of "cream ice" and "cordials," which were not at all the spicy liqueurs which we used to know as Benedictine, Chartreuse, etc., but plain old-fashioned soda pop.

On arrival at his hotel the American found "lunch" ready. The table was "laid" with "china" and "plate" and the main dish was a "pie," but it was not an apple pie—that came later under the title of "tart." The pie was a meat pie, not wholly unknown to the American who had lived in a Vermont village.

Undeterred by the morning's discomfitures, the traveller started out after luncheon for a tour of the town, intending to take a street car; but he could find nobody to tell him where it was because he didn't call it a "tram"; so he decided to be extravagant and take an automobile. But it wasn't an automobile; it was a "motor," propelled by "petrol" instead of by gasoline. In his excitement at trying to explain his troubles to the chauffeur he broke his suspenders and asked the driver to stop at the haberdasher's until he got new ones. What he got first was garters, which are "suspenders" in England; suspenders are "braces."

"I should like some socks, too," he said to the clerk. "Oh, you mean half-hose," answered



By A. W. FERRIN

Trade Commissioner, Department of Commerce

swered the clerk, who had travelled a bit himself and knew that when Americans speak of "pants" and "vests," they mean trousers and waistcoats. Pants and vests are both underwear in England.

When he got back to his hotel again, the now partially acclimatized American went up to his room in the "lift," wrapped a "rug" around him and sat down for an evening's hard study of a British English dictionary, which is what every American exporter should do if he wants to advertise his wares successfully in the United Kingdom.

More than a thousand American delegates are expected at the International Advertising Convention in London next summer; and to prevent mutual misunderstanding, Trade Commissioner H. B. Allin-Smith informs the Department of Commerce the convention authorities have got up a glossary of English words that are not American and vice versa, which will be well worth the careful perusal of American advertisers generally, whether they are going to the convention this year or not.

This glossary shows that a chemist sells "tablets," not cakes, of soap, and "methylated spirits" in place of wood alcohol; that

a monkey wrench is a "spanner," cheese cloth is "butter-muslin," absorbent cotton is "cotton wool," excelsior is "wood wool." Many other things appear in England under appellations strange to American eyes and ears.

Strange also are the pronunciations of words which do not change their spelling when they cross the Atlantic. Specialty is *specialty*, capitalist is *capitalist*, laboratory is *laboratory*, schedule is *shedule*, without the *c*; and when it comes to setting up an American advertisement, the English compositor draws liberally on his font of *u*'s to remedy the defects of words we spell with *or*, as honor, parlor, labor. He also sticks an extra *g* on wagon and otherwise rectifies our orthography.



These few examples, which might be many times multiplied, will perhaps indicate sufficiently the advisability of studying the International Advertising Convention's glossary if you have any idea of advertising in England, or even if you only wish your letters to be understood by your English correspondents. Be sure not to *inquire* for the glossary; you must *enquire*. You need not send a *cheque*; the glossary is *gratis*.

Peace Year Breaks Explosives Record

By F. J. BYRNE

LAST year all records were broken for the production of high explosives in the United States. Dynamite was produced in quantities never before attained for engineering and construction work, harbor deepening, mining of various kinds and agriculture. Not one pound was produced for war. In fact, manufacturers of dynamite and blasting powder think as little about war in producing their material as, say, the manufacturers of picks and shovels. Dynamite cannot be shot in a rifle; it cannot be used in field artillery; it has no place in shells. It might be used for demolition work or blowing out old walls or some like secondary purpose, just as it is used throughout the country for those purposes in peace time. It is essentially a commercial product and, like picks and shovels, finds its great field in industry.

Much the same thing is true of black or blasting powder. This explosive has lost its place in war. Rifles and artillery no longer use black powder as propellant charges. Smokeless powder is the material they employ, although certain quantities of black powder are used as primers for big guns and have a place in bursting charges in shells. The great field of black or blasting powder today is in peace-time uses, and principally in coal mining.

Last year for domestic consumption and export there were produced in this country the stupendous total of 549,352,859 pounds of commercial explosives. Of these 346,276,534 were dynamite and 203,076,325 pounds were blasting powder.

Mining took an enormous percentage of these explosives. But road-building also demanded a large amount; in fact, about 1,000 pounds of modern explosives are used in building every mile of the new roads with which the country is now being traversed.

The explosives industry has in back of it a vast and highly expensive chemical service which is constantly seeking to improve the products. Dynamites can now be made for a multiplicity of uses. Great quantities of permissible explosives are manufactured; these are a special type employed for safety's sake in coal mines where gaseous or dusty conditions exist. Last year there was a gain of 39 per cent in the use of permissible explosives over the previous year. One of the greatest improvements made in dynamite—perhaps the most important advance in commercial explosives since the discovery of dynamite—was the placing of straight dynamite on a low freezing basis. The explosive can now be used in any temperature occurring in the United States. The importance of this lies in the fact that for years dynamite froze at a relatively high temperature, and when frozen it was necessary to thaw it before using. This was at times a dangerous operation in the hands of untrained men.

Explosives engineers and chemists are constantly at work in the laboratory and the field fashioning and making new types of explosives to meet every need of modern engineering. In agriculture, some 20,000,000 pounds of dynamite are employed each year. It is used for blasting ditches, planting trees, subsoiling, blowing out stumps, drainage and for other purposes. New and highly economical methods, much cheaper than hand labor, have been found for digging ditches with dynamite. Each year sees explosives employed for some new purpose. In fact they can be used for work which was undreamed of ten years ago. Every new purpose found is a peace-time purpose. Explosives manufacturers look to the development of peace-time industry and not to war for their progress.

Either it's *Genuine* White Pine, or it isn't White Pine at all-



A GOOD many people have asked why Weyerhaeuser takes so much trouble to brand its output of *genuine* White Pine with the *species-mark*—"Genuine White Pine."

This is done that there may be no *mistake* about it.

It is not meant to imply any derogation to any other wood. Western Soft Pine, for instance, is a soft white wood of excellent working qualities. Millions of feet of it are used every year for interior house trim, and so on. Home-building and industry would be badly off without Western Soft Pine.

But *genuine* White Pine is the chosen wood of the pattern-maker, the model-maker, the wood-worker in any craft who needs a close-grained soft wood that works easily and holds true.

These men have been hearing all kinds of substitute talk—"Well, White Pine is just about played out. You can't get the good stuff any more."

The fact is that there is enough *genuine* White Pine in Idaho alone to take care of all the legitimate needs of generations to come. The real thing

—of quality beyond question.

So the Weyerhaeuser Mills—the largest producers of *genuine* White Pine in America, are now branding every piece of White Pine they manufacture—not only with the Weyerhaeuser trade mark, but also with the *species-mark*, "Genuine White Pine."

YOU see here an example of the way Weyerhaeuser has developed its business into a *specialist* lumber service.

A *personal* service that follows through to the *individual* user of lumber and his local lumber merchants.

In this matter of supplying *genuine* White Pine, for example, there is a Weyerhaeuser Service man whose main function is to advise with such White Pine users as the Pattern-maker.

He is a *specialist* in woods.

He will help you to determine the particular grades of *genuine* White Pine best suited to the work in hand—both in working quality and economy.

When the requirements are decided, he will arrange for your specifications to be supplied with *species-marked* *genuine* White Pine through a convenient local dealer. Or he will facilitate car-load mill shipments when preferred and advantageous.

He then becomes available at all times in the future as other current problems come up.

In short, he is carrying through right to the door of the individual lumber user and lumber dealer the

same *personal* responsibility that leads the Weyerhaeuser organization to brand its White Pine both with the Weyerhaeuser trade mark and with the *species-mark* as well.

THE Weyerhaeuser Service Man is now planning his engagements ahead. We should appreciate early correspondence from manufacturers and lumber merchants who wish to have this Weyerhaeuser *personal* attention.



Here is a White Pine pattern that has seen continuous service for more than thirty years. It is a pattern for a truck end, and was made in 1892 for the Northern Pacific Railway. The only repairs necessary in that time were a few small iron strips to hold the sections together. An exceptional record, to be sure, but one that clearly indicates why White Pine has always been preferred by the pattern maker.



WEYERHAEUSER FOREST PRODUCTS SAINT PAUL • MINNESOTA

Producers for industry of pattern and flask lumber, factory grades for remanufacturing, lumber for boxing and crating, structural timbers for industrial building. And each of these items in the *species* and type of wood best suited for the purpose.

Also producers of Idaho Red Cedar poles for telephone and electric transmission lines.

Weyerhaeuser Forest Products are distributed through the established trade channels by the Weyerhaeuser Sales Company, Spokane, Washington, with branch offices at 208 So. La Salle St., Chicago; 220 Broadway, New York; Lexington Bldg., Baltimore; and 2694 University Ave., St. Paul; and with representatives throughout the country.



Listening In on Congress

Lighter Moods on the Trail of Facts

ON AN April afternoon, when Washington fancies normally turn to spring flowers in square and circle and triangle, and flowering cherry trees on the riverside, certain Senators from the breezy west injected their atmosphere into the chamber, where we find Senator Bursum (N. Mex.) saying:

"I understand there is a great snowstorm now in progress and that it is the desire that the Senate shall adjourn early."

Clearly, rubbered and raincoated statesmen stood a chance of getting lost and, with darkness coming on, of wandering in circles for weary hours in the trackless prairies about the Capitol; or else of becoming exhausted in following a corn row to get their bearings. Mr. Curtis (Kans.) reminded his colleagues:

I stated to the Senate a little while ago that because of the storm it was thought the Senate ought to adjourn early. In the last snowstorm we had some Senators who were over three hours in getting home in taxicabs. There is a very severe storm now in progress and many cars are tied up. I was in hopes we could adjourn early this afternoon. I gave notice to that effect awhile ago.

MR. ROBINSON (Ark.): Why not adjourn now?

MR. CURTIS: I do not want to interfere with the Senator from New Mexico.

MR. NORRIS (Nebr.): I want to call attention to the fact that some Senators who have some distance to go to get home have already left and will not be here again today. They went away because of a fear that they might not be able to get home later through the storm.

MR. CURTIS: Very well. I move that the Senate adjourn.

Mr. McClatchy, speaking before the Immigration Committee of the Senate, told how

Wherein Is Thrown Light on The Mail-Order Bride

Japan had replaced "the picture bride with the Kankodan bride."

THE CHAIRMAN: With what?

MR. MCCLATCHY: With the Kankodan bride. "Kankodan" means "excursion."

THE CHAIRMAN: Oh, temporary?

MR. MCCLATCHY: Yes.

MR. PHELAN: Explain what a Kankodan is.

THE CHAIRMAN: You did not say "tentative?"

MR. MCCLATCHY: The picture bride is a mail-order bride, or was a mail-order bride. You understand that.

SENATOR COPELAND (N. Y.): They are seeking to raise the rates on mail-order business.

SENATOR SHORTRIDGE (Calif.): This is a fe-male order business. . . .

MR. MCCLATCHY: . . . The difference between the two was that under the Kankodan-bride system the happy bridegroom instead of sending over a request and a picture and getting his bride back by return boat, had to go over himself and marry there.

MR. HILL (Md.): . . . I heard the gentleman on Saturday talk about the extra rights of those Americans whose ancestors had been in this country and fought the wars of the country. Here is the position of the Master Himself on that kind of an argument. When pay time came, all of them got the same pay, a shilling. . . .

MR. PERKINS (N. J.): Whereabouts in the Scripture was the quotation to which the gentleman referred?

MR. HILL: The twentieth chapter of Matthew, the first to the seventeenth verses.

MR. PERKINS: I have a Bible here, and it says a penny, not a shilling.

MR. HILL: The gentleman has the old St.

James version, while I have the revised version.

MR. PERKINS: Is the gentleman a modernist or a fundamentalist?

MR. HILL: I want to say to the gentleman that I am a fundamentalist. I believe the Lord changed water into actual wine. I do not believe in this modern business. I stand by the old Bible as I stand by the old Constitution.

MR. PERKINS: I hand this copy of the Bible to the gentleman and he will note it says a penny.

MR. HILL: This is a prohibitionist's Bible; it is changed. I personally will present the House of Representatives with a good, old-fashioned St. James version of the Bible.

Mr. Adams, testifying before the committee investigating the Internal Revenue Bureau:

In Which the Depth of Ignorance Is Plumbed

"They sent a man out to appraise a machine shop that did not know a lathe from a drill press, as one of the taxpayers told me. . . ."

SENATOR ERNST (Ky.): Have you in your mind the man of whom you are now talking?

MR. ADAMS: I would prefer not to give his name; he is employed there. I think it would be unfair to him. . . .

SENATOR ERNST: You say he does not know a lathe from a buzz saw?

MR. ADAMS: Yes, sir.

SENATOR ERNST: I should certainly like to know him!

MR. ADAMS: The taxpayer that we were talking to saw us going through the shop and he said, "Well, do you know what this is I am pointing out?" I said, "Yes, sir, I do. I worked in a machine shop all my life, nearly."

He said, "Well," he says, "I will tell you the last pair that was here I started to talk to, supposing he knew all about the lathe. When I got through talking he pointed over to a drill press and said, 'Is that what you mean by a lathe?'" He said, "I saw right away there was no use talking to him."

Mr. Kinnicutt (before the Immigration Committee of the Senate): "Israel Zangwill was the inventor of the term, 'melting pot.' He had a play produced here in Washington, the initial performance of which was given here in 1908, which was called 'The Melting Pot.' In that play he put over the very misleading idea that you could put any kind of racial elements into our American melting pot and have them come out Americans in very short order. . . ."

SENATOR HARRISON (Miss): Do you think a melting pot is as bad as a teapot?

MR. KINNICUTT: I think the term "melting pot" is a misnomer. Somebody has said that the only thing that melts is the pot. . . .

Dialogues of this sort came up in the discussion of the immigration bill in the House:

MR. JACOBSTEIN (N. Y.): Do you not see that to that extent it really favors the people of northern and northwestern Europe? Do I make that clear?

MR. WEFALD (Minn.): Does it favor the Scandinavian countries when it cuts the immigration more than 50 per cent?

MR. JACOBSTEIN: The committee takes all the countries of northern and northwestern Europe and lumps them together.

MR. WEFALD: I say, does it favor the Scandinavian countries when it cuts their immigration more than 50 per cent?

MR. JACOBSTEIN: I would have to take your

Scandinavian countries and figure it out for each particular country.

MR. WEFALD: They are not mine.

"I made an attempt," Mr. Doheny was saying before the oil investigating committee,

Mr. Doheny Creeps Into an Error and Creeps Out

"to get the Teapot Dome, and I did that at the suggestion of Leo J. Stack, who was an ex-Congressman. . . ."

SENATOR ADAMS (Colo.): Are you sure that Leo J.

Stack was an ex-Congressman.

MR. DOHENY: Yes, sir.

SENATOR ADAMS: From where?

MR. DOHENY: From Colorado.

SENATOR ADAMS: You are in error about that, Mr. Doheny. You are absolutely in error as to that, if you will permit me to correct you.

MR. DOHENY: Was not Stack in Congress here once?

SENATOR ADAMS: No, sir; he was not.

MR. DOHENY: Well, I thought he was.

SENATOR ADAMS: I think your error grew out of this, that he was a candidate at one time in a primary. But he was never elected to Congress.

MR. DOHENY: I thought he was a Member of Congress.

SENATOR ADAMS: Well, you see how easy it is to creep into an error in a matter like this.

MR. DOHENY: I thought he was a Congressman at one time, and if I had been put on my oath to speak about it I think I would have sworn to it.

SENATOR ADAMS: Well, do not swear to that, Mr. Doheny.

MR. DOHENY: I will try to remember that.

Further illustration is furnished by Mr. Doheny of the difficulty of keeping tabs on the names and designations of employees:

MR. DOHENY: I have an idea that indirectly Mr. Garretson was in our employ also.

THE CHAIRMAN: Mr. Garrison?

MR. DOHENY: Garretson.

THE CHAIRMAN: The ex-Secretary of War?

MR. DOHENY: Yes, the ex-Secretary of War.

SENATOR COPELAND (N. Y.): . . . I remember that a Russian colonel and his wife started to the United States by way of Constantinople. . . .

Shall a Kitten Born in an Oven Thereby Be a Biscuit?

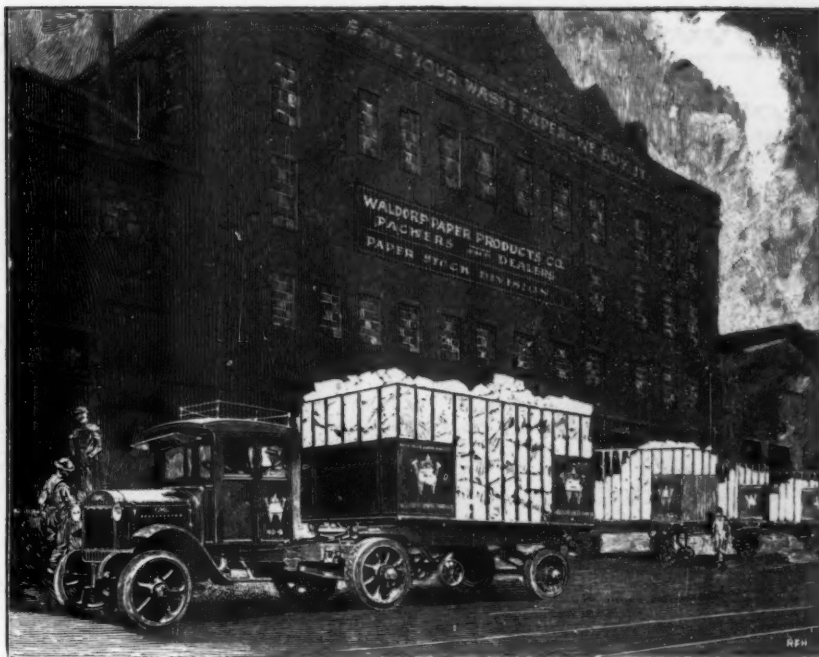
But in the meantime a baby had been born, and when the family reached Ellis Island the authorities said the father and mother, being Russians, could come in, but the baby, born in Constantinople, was a Turk, and could not come in. This is on the theory, I suppose, that if kittens are born in an oven they are not kittens, but biscuits. . . .

SENATOR JOHNSON (Minn.): I saw in the papers a couple of days ago that the Senator from New York made a speech in Washington informing us that 90 per cent of the Senators are lawyers. Why is it, then, that these able attorneys, lawmakers, have not provided in the laws some means of giving leeway to certain officials of this Government to use common horse sense?

SENATOR COPELAND: Mr. President, when we read a law we find on every third line the word "provided." Wherever that word is put in, it is where one of the lawyers of the Senate has injected himself.

There was once a family of six persons cast away on a desert island. One of the party happened to find a paper in his pocket, which turned out to be a real-estate lease drawn by a lawyer. In this were found so many provisions that the family were able to live on them for six months.

Six GMC Tractor Trucks haul
16 semi-trailers for the Waldorf
Paper Products Company,
Minneapolis, Minn.



GMC Tractor Trucks Reduce Ton Mile Costs

For transporting volume tonnage—for hauling jobs where loading and unloading is a slow operation—

GMC tractor trucks provide the means of utilizing a power unit to its full capacity, and at the same time they reduce materially the ton mile cost of hauling.

Distribution Centers at

*Akron	*Memphis
*Atlanta	*Minneapolis
*Baltimore	*Milwaukee
*Birmingham	*Montreal, Quebec
*Brooklyn	*New Orleans
*Boston	*New York
*Buffalo	*Oshawa, Ont.
*Beaumont	*Oakland
*Chicago	*Omaha
*Charlotte	*Philadelphia
*Cleveland	*Pittsburgh
*Cincinnati	*Portland
*Clarksburg	*Parkersburg
*Dallas	*Pontiac
*Denver	*Rochester
*Detroit	*St. Louis
*Dayton	*San Francisco
*El Paso	*Seattle
*Erie	*Spokane
*Houston	*Salt Lake City
*Indianapolis	*Saginaw
*Kansas City	*San Antonio
*Los Angeles	*Shreveport
*Louisville	*Toronto, Ont.
*Lincoln	*Vancouver, B. C.
*London, Eng.	*Washington
	*Winnipeg, Man.

*Direct Factory Branches

Consider the Waldorf Paper Products Co. of Minneapolis, manufacturers of cardboard containers. Six GMC tractor trucks with semi-trailer equipment are kept constantly busy hauling from six to eleven tons.

Like switch engines, these tractor trucks "spot" the semi-trailers anywhere to await loading with scrap paper and likewise leave them for unloading new containers.

The saving, because of the flexibility of this equipment, is at once apparent. Further savings are made possible by GMC tractor trucks exclusively, because the famous GMC Two-Range transmission provides speed over good roads, and pulling power on bad.

Ask the nearest GMC dealer for definite facts and figures on the economy of tractor trucks in hauling volume tonnage, or write for special booklet.

GENERAL MOTORS TRUCK COMPANY

Division of General Motors Corporation
PONTIAC, MICHIGAN

In the Dominion of Canada

General Motors Truck Company of Canada, Limited, Oshawa, Ontario

General Motors Trucks



When writing to GENERAL MOTORS TRUCK COMPANY please mention the Nation's Business

MANUFACTURERS SEE WHAT BURBANK CALIFORNIA OFFERS

!

BURBANK, California, located 13 miles from Los Angeles, offers exceptional advantages to manufacturers of textiles and other products. A market of 12 million people is available on the Pacific coast alone. South American, Trans-Pacific, and Atlantic seaboard markets are easily and cheaply served from Burbank, through Los Angeles harbor, a port of call for 138 steamship lines. Three Southern Pacific railroad lines converge at Burbank supplying 1140 acres of desirable low-priced industrial land with direct transportation. Power, fuel, water, climate, labor markets, building costs, living conditions, and other important factors will be covered in subsequent advertisements or

WRITE

direct to Chamber of Commerce, Burbank, California, for detailed information and the first section of an authoritative and disinterested report on manufacturing advantages.

Many large factories are already located in Burbank including such nationally known institutions as Andrew Jergens Co., Libby, McNeil and Libby Co., Moreland Motor Truck Co., Empire China Co., and many others who have found it to their advantage to locate at Burbank.

TEXTILE INDUSTRIES

Burbank is peculiarly adaptable to the manufacture of textiles because it embodies all the elements of location, climate, water, skilled labor, transportation, immediate markets and other factors so necessary to the Textile Industries.

**Chamber of Commerce
BURBANK, CALIF.**

Court Cases Affecting Business

POLITENESS was ascribed to Congress by the Supreme Court at the end of April. Congress gets many characterizations thrown at it and must have felt flattered that at last its urbanity and courtesy obtained recognition from high authority.

It was politeness with a purpose, however, that the Supreme Court perceived. It was construing the federal statute by reason of which a national bank asserted a right to fill the office of executor in Missouri. The state court had held that state law did not permit an institution like a national bank to receive appointment as executor from the probate court. Looking at the enactment of Congress the Supreme Court declared that it

says in a roundabout and polite but unmistakable way that, whatever may be the state law, national banks having the permit of the Federal Reserve Board may act as executors if trust companies competing with them have that power. The national bank in the case has the permit, competing trust companies can act as executors in Missouri, the importance of the power to the sustaining of competition in the banking business is so well known and has been explained so fully heretofore that it does not need to be emphasized, and thus the naked question presented is whether Congress has the power to do what it tried to do.

That question the court considered as pretty nearly answered in a case which arose in Michigan, several years ago. The court gave its complete answer by declaring that Congress, having power to create national banks, can give them powers which in the judgment of Congress are relevant to make the business of national banks successful, the law of any state to the contrary notwithstanding.

Two members of the court thought that the majority went too far, in the case. These dissenting justices saw in the decision an assertion that Congress may so limit the power of a state, against its expressly declared will to the contrary, that the state can confer the right to act as executor upon state corporations which compete with national banks only on condition that the same right is conferred upon national banks, and that although the whole matter of administration of estates is wholly within the jurisdiction of the states.

UNION depots are to be had by cities for their interstate railroads upon application to the Interstate Commerce Commission, and not through state commissions, the Supreme Court held in April. Thus, there will be an opportunity for the Interstate Commerce Commission to decide, not only if the station is necessary, but also if the expenditures will impair the roads' ability to perform their duty to the public and how the project is to be financed.

Los Angeles, where the question arose, foresaw this result and was forehanded. It already has its application before the Interstate Commerce Commission.

MILK bottles multiply mightily. Twenty years ago the country bought 15,000,000 a year; now, it requires 150,000,000, and experts think in five years the number will become 300,000,000.

These figures appear in the evidence taken in a case pending for a long time before the Federal Trade Commission, and now carried into the courts. One company manufacturing milk bottles seems to have acquired the assets of several others. The other companies then went out of existence. The commission began its proceeding in March, 1921, and toward the end of 1923 reached a conclusion that

there had been violation of the law against unfair competition, issued its order to cease and desist, and required that the company indicate within thirty days how it would go about carrying out the commission's order.

The company has demurred, said the evidence did not warrant a finding there had been anything illegal, and expressed wonder how it could accomplish some of the things the commission specified. Thereupon, the commission entered the courts to seek their help in enforcing its order. In all this there seems to be good-will on both sides. Having disagreed, the commission and the company have in effect adjourned the proceedings to the courts to ascertain which side is right.

WHOLESALE grocers and their associations are defendants in proceedings recently begun by the Department of Justice to obtain injunctions under the Sherman Act. The grounds on which the Government bases its requests for injunctions are generally similar in the different cases, but contain some variety. Usually there are allegations of agreements to fix prices, agreements to sell at wholesale prices only to members, and agreements to boycott manufacturers who sold direct to retailers who did not maintain resale prices.

One case, however, alleges an agreement to compel manufacturers to refrain from giving away merchandise to retailers. Another case complains of wholesalers who maintained common warehouses. Still another finds fault with a free delivery district established by wholesalers within a city.

Obviously, these cases contain possibilities of bringing out many of the problems of the grocery trade as well as where the line between interstate commerce and intrastate traffic is to be drawn.

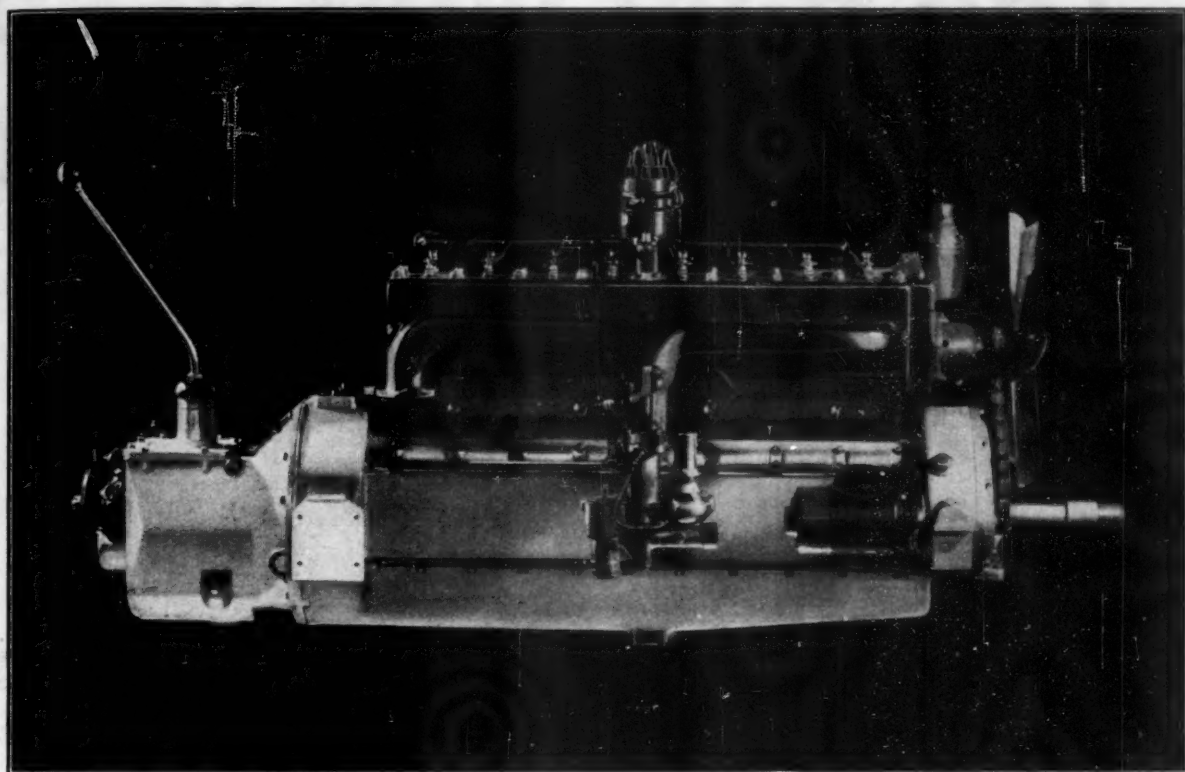
Russian Recognition Propaganda

RUSSIAN recognition, its advisability and what it would mean, is a subject which a subcommittee of the Senate began to investigate last January. For three days representatives of the State Department submitted data respecting propaganda carried on in the United States and directed from Russia. This evidence makes 158 pages of print. Even at this length, it is an epitome which persons who wish to know what has been going on, from the point of view of the State Department, will want to obtain and read.

England Lacks Skilled Labor

AHOUSE-BUILDING committee of men in the building industry has found that England faces a decided scarcity of skilled men in the building trades. Irregular employment at the best and depressions in the building industry before 1914 have caused skilled men to obtain employment in other occupations and have made building trades so unattractive that apprentices have been few. With a program calling for construction of 40,000 dwellings this year—and the committee would increase it to 90,000—the committee has earnestly attacked the problem of finding bricklayers, masons, and plasterers, who have been showing most tendency to join extinct kinds of life, enough to do the job and by way of assuring steady employment for all who will now enter these trades points to a housing program which will continue until 1934, and culminate in that year with 225,000 new dwellings.

ONLY PACKARD CAN BUILD A PACKARD



SIMPLICITY

One cylinder block	One piece crankshaft
One carburetor intake header	Two hose connections
One exhaust manifold	Lighter weight
One exhaust pipe and muffler	No cross fire
One water pump	Vibration freedom
One front end chain	Low upkeep cost

ACCESSIBLE

Camshaft	Starter
Valves	Distributor
Front end chain	Carburetor
Generator	Oil pump strainer

ASK
THE MAN
WHO OWNS
ONE

PACKARD EIGHT

When writing to PACKARD MOTOR CAR COMPANY please mention the Nation's Business

The men who used
are now on



JEFFREY

When writing to THE JEFFREY MANUFACTURING

COMPANY

these tools more productive work

INSTEAD of being tied up on back-breaking tasks, clogging the supply of available labor and retarding production, the men who used these tools are on better jobs—earning more for themselves and the company.

Let the tools accumulate rust rather than your men. Every workman you promote to more productive work helps solve the labor shortage problem.

Jeffrey Material Handling Machinery is liberating labor for more important work, is speeding production and simplifying manufacturing methods in large and small plants everywhere! Any or all of the following Jeffrey Equipment may be of interest to you:

Conveyors, Elevators, Portable Loaders and Unloaders, Crushers, Pulverizers, Chains, Coal and Ashes Handling Machinery, Industrial Locomotives, etc

A communication to this office or to any of the Jeffrey Branches will receive prompt attention.

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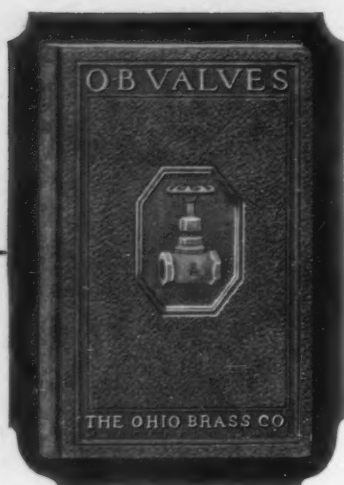
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Material Handling Equipment is advocated by the Division of Simplified Practice, Department of Commerce, at Washington, as one of the factors that contribute to the elimination of waste in Industry.

Users of such equipment, therefore, link directly to the educational program of Herbert Hoover.

Material Handling EQUIPMENT



Good Covers Rouse Buying Interest

THE Ohio Brass Co., Mansfield, Ohio, believe in *quality first* in advertising as well as in the manufacturing of OB Valves. Accordingly, they are using a Molloy Made Cover on their catalog, which was produced by The Franklin Company, Chicago.

The distinctive appearance and feel of a Molloy Made Cover create an impression of strength and quality which is automatically carried on to the merchandise on the pages within. Buying interest is unconsciously aroused and increased sales result.

The selling value of your bound or loose leaf catalogs, sales manuals, dealers' and salesmen's books, etc., can also be strengthened by using a Molloy Made Cover, which possesses unusual wearing qualities.

Send us one of your catalogs. We will submit suggestions and cooperate with you and your printer in putting a distinctive high quality cover on your books at moderate cost.

MOLLOY MADE

Catalog  Covers

are made only by

**THE DAVID J. MOLLOY
COMPANY**

2861 N. Western Ave., Chicago

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Carlton Publicity, Ltd.,
London, England

Chamber's Contests Cut Fire Losses

FIRE waste, which, according to the National Board of Fire Underwriters, costs this country \$500,000,000 annually and 15,000 lives, can be reduced; and this conservation of our greatest assets—our men, women and children and our homes—is not the hopeless problem, useless to tackle, which it has been deemed to be. This has been demonstrated in just one year's work of the inter-chamber fire waste contest conducted by the National Fire Waste Council under the Chamber of Commerce of the United States.

All 110 chambers of commerce reported on their fire prevention work to the Insurance Department of the national chamber, which cooperated with the National Fire Waste Council in directing the contest. The awarding of prizes to the winners was a feature of the annual convention of the national chamber, held at Cleveland.

Population fixed the four classes of cities in the contest. Every city is a first-class city, of course, but for the purposes of the contest, the cities could not parade an equal number of heads. That disparity suggested the class distinctions which apply only to fire prevention work—Class I, 100,000 or more; Class II, 50,000 to 100,000; Class III, 20,000 to 50,000; Class IV, under 20,000.

Hoboken Leads All

HOBOKEN won first place in its own class, and for all classes. Indianapolis did best in Class I. Dubuque rated highest in Class III, and Blytheville was the winner in Class IV. Close to the winners were the three honor cities recognized in each class—Wilmington, Oklahoma City and Milwaukee in Class I; Long Beach, Calif., New Britain and St. Joseph in Class II; Great Falls, Mont., Clarksburg, W. Va., and Burlington, Vt., in Class III; Billings, Mont., El Reno, Okla., and Tuscaloosa, Ala., in Class IV.

The contest included actual accomplishments in reducing fire loss, which counted a maximum of 40 per cent in the grading; educational activities, 30 per cent; and permanent improvements in protection and construction, 30 per cent.

A city entered in the contest, by way of actually reducing its fire loss, could cut the number of fires per 1,000 of population, could decrease the number of fires with a loss of more than \$1,000, could lessen the loss for each citizen, and could lower the toll of persons killed and injured per 100 fires.

To make a high mark in fire prevention, a city could give suitable courses in the public schools and for Boy and Girl Scout troops, observe Fire Prevention Week, and interest clubs and other organizations in fire prevention. A fire prevention bureau could be established with inspections by firemen. The enforcement and adoption of a proper building code was also credited in the grading. Building inspectors, firemen, and water system employees could help their city with talks and demonstrations. Investigation of the causes of fires and the prosecution of arson cases were important items in the scoring.

Installation of sprinkler systems, the enclosing of stair and elevator openings against fire, and the equipment of industrial and public buildings for fire protection were conspicuous in the permanent improvements.

The contest lifted the smoke screen of fire losses, and showed how community effort can trim down the toll of life and property. Outstanding in the achievements of the cities submitting statistics was the shrinkage of the fire loss for each person in the

United States from \$4.75 in 1922 to \$3.24—a tidy saving when added for 110,000,000 heads!

Of the cities in the contest, 51.5 per cent reduced the property loss, based on the average for the five years 1918 to 1922, inclusive, and 15.9 per cent cut the number of fires—the losses were held down more than the number of fires. Fewer persons were killed in 43.6 per cent of the cities and one-fourth of the cities reported fewer injured. Fires with a loss of more than \$1,000 were reduced in number in 22 per cent of the cities.

Clean-up campaigns were characteristic of the contest—89 per cent of the cities worked wonders with their brooms and dust pans. Fire prevention week was taken seriously by 93.3 per cent of the towns, so the reports show. Schools of 86.5 per cent of the cities believe in fire prevention—and teach it in their schools. Fire drills are held in schools of 94.5 per cent of the cities. Civic clubs in 78.5 per cent of the cities, and Boy Scouts in 51.3 per cent of the cities lend a hand in preventing fires. In two-thirds of the cities firemen explain their trade and tell about the cussedness of fire. More than half the cities bought additional equipment for their firemen. Fire alarm systems were improved in two-fifths of the cities, and three-fourths of them now have more water when and where they want it.

More than three-fourths of the towns find out how fires start. Building codes need no revision in about half the cities, so they say, but more than a fourth put through special fire prevention legislation.

Hoboken's record shows her citizens were not playing with fire during 1923—no person was killed or injured by fire, although the toll of earlier years had averaged more than ten lives a year. The per capita fire loss was sheared from \$6.41 to \$2.24—a saving of 65 per cent or \$292,183 in property for the city. Fires with losses of more than \$1,000 dropped from an average of 32 to 14.

The contest got hold of Indianapolis and her people. Fire fighting became popular—almost fashionable. A "movie" man and his camera went to fires, pictures were made, and when the film was ready the pictures were run off to show the how and why of fire fighting.

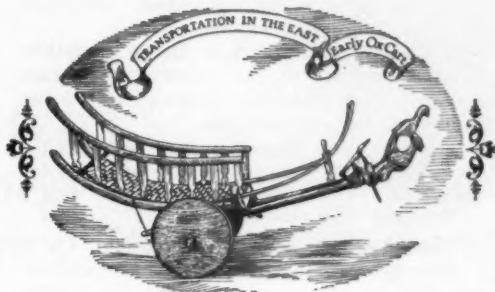
Dubuque made the most of every chance to cut fire waste—and spent \$130,000 on its water system. Fire came out a poor second in Blytheville, too, and there even old landmarks were torn down to lessen the risk of fire.

Business Men Took Part

INTEREST in the contest had a wide variety of expression. A business man in Detroit became so enthusiastic that he had a fire signal placed in his office, and responded promptly to every alarm. In every city business men put in hard licks to uphold the name and fame of their city in friendly rivalry with business men in other cities.

The contest is permanently established. Separate awards will be made annually to the winning cities. The trophies for 1923 were bronze plaques bordered with sterling silver.

The board of judges included Julius H. Barnes, president of the Chamber of Commerce of the United States, chairman; H. A. Smith, chairman, Insurance Advisory Committee, Chamber of Commerce of the United States; and Eugene Arms, George W. Booth, and Franklin H. Wentworth, representing the National Fire Waste Council.



What does your banker think of the motor car?

THE president of an Arkansas bank writes:

"The motor car, to my mind, has been the greatest asset in the way of development for suburban and small country homes, necessarily meaning the prolonging of life and a greater increase in happiness.

"I have often advised customers of mine to buy motor cars, as I felt that the increased stimulation and opportunity of observation would enable them to earn amounts equal to the cost of their cars.

"In other words, a man who works six days in the week and spends the seventh on his own doorstep certainly will not pick up any dimes in the great thoroughfares of life."

A booklet will be mailed you, if a request is directed to the Department of Publicity, General Motors Corporation, New York

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"Breakers Ahead!"

The lookout calls the warning, and if he calls it in time the ship is saved from wreck and destruction.

You may be drifting towards that reef of jeopardy, constitutional disease—such as Bright's, diabetes, etc.—without knowing it, because it gives no outward sign that is visible to the layman's eye.

You may need a "scientific lookout" to call "Breakers ahead!" before your health is wrecked by such diseases.

That is the function of our service—to be your "lookout," to make a scientific urinalysis at regular periods, to watch out in our laboratory for the "breakers" of disease and to warn you in time.

This service takes little of your time, costs little of your money, but may save you months of sickness, or worse.

Some of the biggest business executives in the country, some of America's brainiest men, have our service as their "lookout."

It is a duty to yourself and those dependent on you to investigate—which costs you nothing.

National Bureau of Analysis

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National Bureau of Analysis,
N.B. 64 Republic Bldg., Chicago, Ill.

Gentlemen:

Please send me, free of charge, a copy of your booklet, "The Span of Life," and full particulars of your plan.

Name.....

Address.....

The Truth About Grain "Gambling"

(Continued from page 15)

Holland and other European countries. Under future trading the fluctuations are more frequent, but much smaller.

Average wheat prices in Berlin, monthly, by crop years, for the twenty-year period 1889-1909, are as follows (reduced to 100 per cent basis):

August	98.6	December	99.0	April	101.7
September	97.7	January	99.4	May	104.4
October	97.7	February	99.6	June	102.1
November	98.4	March	99.8	July	102.0

This is a remarkably orderly price.

Average wheat prices in Minneapolis, monthly by crop years, for the thirty-nine-year period 1883-1921, are as follows (No. 1 northern wheat):

September	1.032	January	1.059	May	1.136
October	1.032	February	1.054	June	1.088
November	1.024	March	1.054	July	1.095
December	1.030	April	1.086	August	1.088

Here is a price which is likewise "orderly," rising just enough after harvest to cover the actual carrying charge, but no more.

Taking the average wheat prices in Chicago for the forty-three crop years 1871-1913, under fully developed future trading, and omitting the war period when there was no future trading (hence very wide fluctuations), we have the following prices:

July	88	November	90	March	92
August	90	December	90	April	94
September	93	January	92	May	97
October	90	February	92	June	94

Here the whole spread for the year is only nine cents—barely enough to cover the carrying charge.

Price Range Is Orderly

THUS we see that the only "orderly" thing about wheat is its price. The production is very "disorderly," the world crop fluctuating sometimes as much as 100 per cent from year to year. The demand is not "orderly." Thus Julius H. Barnes told the United States Grain Growers Committee of Seventeen in November, 1920, that "the largest overseas buyer, whose normal requirements run to practically one-half the overseas purchases of wheat, has bought not a bushel in America since July 29—over three months ago." Here was a slump of 50,000,000 bushels in the demand for our wheat.

In principle as well as in practice this doctrine of price stabilization holds true. The more "market opinions" we can bring to bear on a given commodity, that is, the more competent estimates of market value, the more nearly correct will that price be. It is future trading which admits to the market hundreds of speculators and speculative investors who would otherwise put their money into other ventures. The result is that we have a consensus of opinion made up of many estimates of value, and hence closely approximating correct values.

4. *Short Selling.*—The headline on the market paper as I write these lines is, "Wheat Price Up as Shorts Cover." Napoleon was the first conspicuous enemy of short selling, for he feared that the short sellers of government bonds and other securities would thereby force the price down. At a session of the state council in the year 1810, section 422 of the penal code was being considered. To Napoleon's question about permitting short selling, Boscary de Villeplaine replied: "Your Majesty, would my water carrier be guilty of a crime if he sold me two buckets of water

and had only one bucket with him? Of course not, because he could always get out of the river what he needed. *Eh, bien, Sire, il y a une rivière des rentes.*" And the grain trade has today, in the organized grain exchanges, such a river.

The short seller of wheat is unpopular with the farmer. He is condemned on both moral and economic grounds. Yet the farmer wants future trading to continue. Future trading, in any modern sense, is impossible without short selling. Take one of the commonest cases of all—Portland cement. All large cement companies sell cement for future delivery. For big jobs, such as dams, highways, and large bridges, the contract is made a year or two before delivery, and many months before the cement is in existence. The manufacturers sell short. Short selling thus runs through many forms of business contracts where future trading is carried on without the formality of an organized exchange.

"But," says the farmer, "millions of bushels of phantom wheat sold on the market depress price." But equally much do millions of bushels of the same "phantom wheat" bought on the market stimulate prices. The amount sold equals the amount bought.

But granted that short sales may slightly and temporarily depress price, how will the short seller realize his profits? In one way, and in one way only, by buying back his contracts. On a falling market, particularly on what would otherwise be a "runaway market," the only support the market has is from the shorts who are now covering, who are now buying to close out their trades and realize the profits. The short, the market bear, thus becomes a bull. Conversely it must be said that the buyers on a rising market, the bulls, can profit only by selling again; hence they, in turn, become bears and put a brake on a rapidly rising market.

All of which only illustrates further the point that future trading "puts on the brake" against every bulge in price, against every break in price.

5. *Manipulation.*—"Big Bear Raid on the Market," reports the daily paper along about the first of May. If you see one hundred men in the wheat pit and seventy-five of these are shouting and waving their hands, palms outward, trying to sell a million bushels of wheat; and at the same time twenty-five men are waving their hands, palms inward, trying to buy one hundred thousand bushels of wheat, you have selling pressure which will put the price down half a cent, or possibly a cent and a half. Whether this kind of a performance constitutes a bear raid or not may be a question of debate. Such "raids" undoubtedly do sometimes occur.

Manipulation has for its essence deception of some kind, such as the spreading of a false rumor or the issuing of a fake crop report. Manipulation of this kind is very rare now. Traders trade with their eyes wide open. No money or effort is spared by the organized exchanges to collect and disseminate facts and true market news, and to punish any member who issues false reports or rumors.

Summarizing, it may be said that the Chicago wheat pit from 1865 to 1890 undoubtedly furnished a fertile soil for generating manipulations, false rumors and market prostitution. But in the last thirty years, thanks to better rules and higher standards, and cleaner administration, the Chicago Board of Trade

**"Look, it glistens.
Hold it, it's heavy.
Tap it, it rings."**



YOU tell fine glass with your eyes, hands, and ears. In the light the bowl glistens with the rainbow's colors. In your hand it is heavier than the common glass bowl. When you strike it, you hear a clear, bell-like ring.

Lead, that dull, unattractive metal, is responsible for the brilliance of fine glass. Because the lead used in making the glass gives it the density necessary to bend or reflect light rays, the glass has the lustre and color that cheaper glass does not have.

Lead makes glass heavy

Lead also gives weight to glass. The piece of fine plain glass and cut-glass you pick up may be anywhere from 20% to 50% lead. Table glass, such as tumblers and goblets, is from 20% to 40% lead. When it is struck, lead glass in most forms gives forth a musical ring that ordinary glass does not.

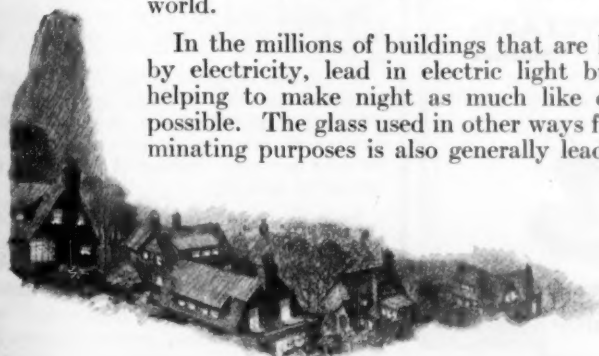
Lead also gives the glass a softness that makes cutting and engraving easier and more economical. Despite this softness—because of it, in fact—lead glass retains its strength and offers greater resistance to changes of temperature than ordinary glass.

One glass manufacturer in a year used 200,000 pounds of lead. The entire glass industry takes about 14,000,000 pounds of the annual lead production in the United States.

Lead makes glass an object of beauty and admiration. Both at home and on the street, lead, in spectacle and reading-glass lenses, aids the vision of many thousands.

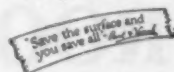
The astronomer searches the Milky Way with the powerful lead-glass lens of his telescope. The chemist and the biologist invoke the aid of the microscopic lens in which is lead. The photographer and the motion picture operator with their camera lenses containing lead record the pictorial history of the world.

In the millions of buildings that are lighted by electricity, lead in electric light bulbs is helping to make night as much like day as possible. The glass used in other ways for illuminating purposes is also generally lead-glass.



Lead as paint

LEAD in glass is very bashful and conceals itself so that there is no visible sign of its presence. But in its more general use as paint, you can see it on every hand. As white-lead, mixed with pure linseed oil, it protects such surfaces as wood from rot and decay. As red-lead it prevents rust from eating into and destroying iron and steel.



For generations the professional painter has used white-lead to save the surface. From our forefathers' time it has always been the standard for surface protection. Today owners everywhere realize that it is more economical to cover their property with "lead-in-oil" than to pay for the damage that the weather can soon do to unpainted surfaces. They believe in the phrase, "Save the surface and you save all."

Producers of lead products

Dutch Boy white-lead is the name of the pure white-lead made and sold by National Lead Company. On every keg of *Dutch Boy white-lead* is reproduced the picture of the Dutch Boy Painter shown below. This trade-mark guarantees a product of the highest quality.

Dutch Boy products also include red-lead, linseed oil, flattening oil, babbitt metals and solder.

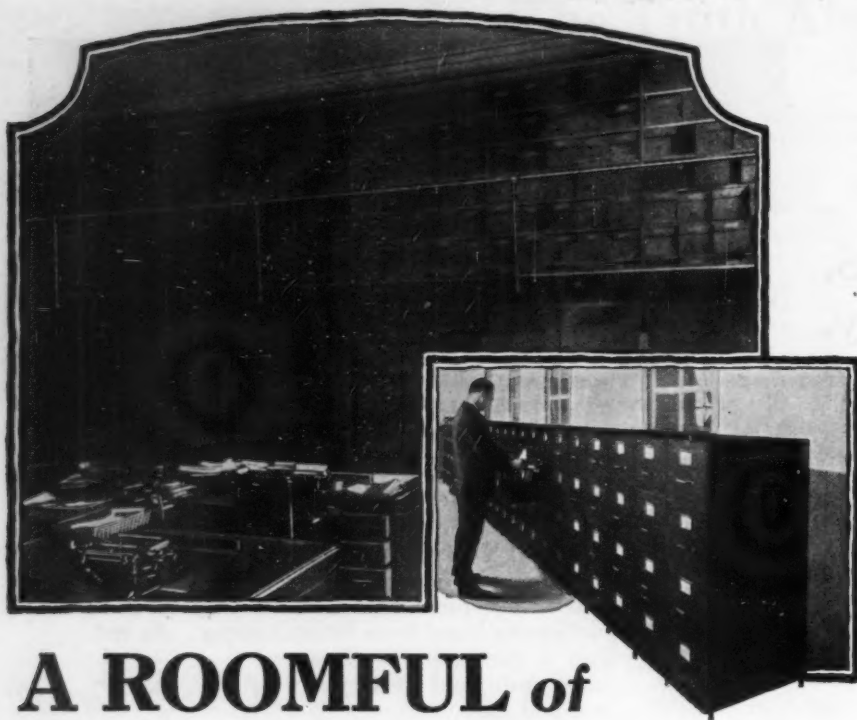
National Lead Company also makes lead products for practically every purpose to which lead can be put in art, industry and daily life. If you want information regarding any particular use of lead, write to us.

If you wish to read further about lead, we can tell you of a number of interesting books on the subject. The latest and probably most complete story of lead and its many uses is "Lead, the Precious Metal," published by the Century Co., New York. Price \$3. If you are unable to get it at your bookstore, write the publisher or order through us.



NATIONAL LEAD COMPANY

New York, 111 Broadway; Boston, 131 State Street; Buffalo, 116 Oak Street; Chicago, 900 West 18th Street; Cincinnati, 659 Freeman Avenue; Cleveland, 820 West Superior Avenue; St. Louis, 722 Chestnut Street; San Francisco, 485 California Street; Pittsburgh, National Lead & Oil Co. of Penna., 316 Fourth Avenue; Philadelphia, John T. Lewis & Bros. Co., 437 Chestnut St.



A ROOMFUL of DOCUMENTS

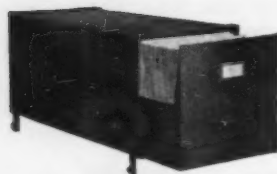
Re-Filed in Van Dorn Transfer Cases

A CERTAIN prominent railroad office filed documents in boxes as shown in the upper picture. The system was fairly satisfactory, too. No one was urging a change.

But Van Dorn showed how the whole roomful of papers could be compactly filed as shown in the lower picture! Results: (1) Much room saved by tearing out old shelving; (2) Light of four windows made available; (3) Climbing ladder to balcony eliminated; (4) Neater in appearance; (5) All files more quickly found.

The point is that, while *your* problem may be entirely different, Van Dorn can solve it, too!

You'll Find No Greater Value



Transfer cases are *not* all alike. Here's one that's unusual. Enclosed on all sides—keeps the dirt out. Drawers slide easily. Very capacious. Solidly built for hard use. Interlock rigidly. A superior and practical transfer case—at a price that competes with ordinary, old-fashioned, unsatisfactory cases. Have the Van Dorn dealer show it to you!

THE VAN DORN IRON WORKS COMPANY, CLEVELAND

Branches: Cleveland New York Chicago Philadelphia Washington Pittsburgh

Van Dorn

MASTERCRAFTSMANSHIP
IN STEEL

When writing to THE VAN DORN IRON WORKS COMPANY please mention the Nation's Business

has been an effective machinery for killing rumors and preventing price manipulations.

6. *Corners.*—All famous corners on the Chicago Board of Trade occurred in the twenty-year period 1871-1891. Perhaps the "Old Hutch" September corner in 1888 is the most famous as well as the most successful of all. The Leiter corner of May wheat, 1898, was, of course, a failure.

The so-called Patten corner in May, 1909, was not a corner, as evidenced by the fact that the June prices were higher than the May prices. The year 1909 was the year of the dearth in Europe, and consequently of high prices in America.

What is the relation of future trading to corners? Prior to 1860 in Chicago (that is, prior to future trading) corners in cash wheat were more numerous than corners in futures have ever been since then.

However, during the twenty-year period named above, with loose rules on the board, with loose administration of those rules, with certain financial giants and financial pirates struggling for power, the future market in the Chicago Board of Trade undoubtedly promoted corners. Then came those long years of "reforms" in the fight against the Terminal Elevator Railroad monopoly, the fight against the Western Union "bucket shop" combination, and finally the actual coming to grips with the corner evil.

With its five anti-corner rules, with its power of expulsion over members for "uncommercial conduct" (and its frequent exercise of this power), the Board of Trade of Chicago has effectually eliminated the artificial corner. There has not been such a corner for over twenty years.

Very few attempted corners have ever succeeded, and most men who have engineered corners have been ruined thereby. No corner has succeeded or can succeed that does not have actual world market conditions in its favor.

Finally, the important question may be asked, "Does the Board of Trade gain or lose by a corner?" The answer is obvious. The Board loses by any and every corner. Its own self-interest forces it to protect itself against the artificial corner.

Coal Has Its Troubles in England

COAL mining in England was brought under a wage agreement in 1921 which, by reason of its automatic adjustments, was supposed to afford promise of a long-continued peace in the industry. These adjustments, however, depended upon the success of the industry and conditions have not been wholly propitious for prosperity in coal mining. The results of the agreement were not so satisfactory to the miners as they had expected and discontent led to abrogation of the arrangement of 1921 as of April 17.

The mine operators in March offered a new agreement upon terms including the following: Minimum rates of wages should be increased from 20 per cent to 33½ per cent over the rates of 1914,

An amount equal to 15 per cent, instead of the former 17 per cent, of wages should go to profits. In any surplus that remained out of company earnings 87 per cent should go to wages and 13 per cent to profits (instead of the former percentages of 83 and 17).

By a narrow margin the miners voted to reject these terms. Consequently, the Government has set up a court of inquiry, under the British Industrial Courts Act, to examine the whole question of wages in the coal industry. Meanwhile, the mines continue operation, under a temporary arrangement between miners and operators.

Setting Stationery Prices

STATIONERS handle pretty nearly as many sorts of merchandise as hardware merchants, and they have had their troubles in arriving at proper prices which would cause each sale, whether one pencil or fifty gross, whether a desk pad or a bottle of ink, to carry its share of the overhead and make its contribution toward net profit.

In 1915 the national association undertook to set up an agency which would recommend prices which retail stationers should use. This agency was a catalog commission. It seems to have begun by collecting catalogs of manufacturers of the articles stationers sell, and soon had no less than 2,400 of them.

The commission seems to have used the catalogs to arrive at the net cost to the retailer of each item of merchandise; to this it made an addition for the cost of doing business, took into account questions of slowness with which the article sells, and gave consideration to a fair profit.

Thus, it arrived at a basis on which, for instance, it figured the prices it would recommend to retailers on each kind of lead pencil, by the dozen, the half-gross, and lots up to fifty gross. The results of these calculations were published to the membership.

The Federal Trade Commission has announced that it had initiated proceedings to ascertain whether or not this activity is a method of unfair competition. In this proceeding the commission has joined the national association and the local associations. Although the activity in recommending retail prices appears to be the chief issue in this proceeding, the commission says it has cause to believe there were objectionable practices in other directions, such as:

Inducing manufacturers to adopt as their list prices the prices recommended by the catalogue commission.

Inducing manufacturers to increase their list prices and to enlarge their trade discounts to retailers.

Inducing competing manufacturers to make their net prices uniform and to establish resale prices.

Inducing retailers to calculate their costs in ways that would cause inflation, and standardize inflation, in retail prices.

Inducing manufacturers to refuse to sell to so-called irregular dealers, transient dealers, and brokers.

Circulating false statements about goods made by competitors who refused to follow the recommended prices.

Excluding from membership concerns that would not subscribe to the policies outlined above.

This case may serve to bring out some of the real difficulties in retailing pins, clips, rubber bands, and the thousand and one odds and ends business offices require to keep going.

Business brings a joy to some men comparable to that which comes to the poet, the painter, and the sculptor, who are masters of the materials with which they work.

Life has zest for the man who can organize a factory to produce metal parts to measurements of .00025, one quarter of one thousandth of an inch.

After all, a business, regardless of size, depends on just one quality for continued success: Honest workmanship or honest service.

A surly employer attracts surly employees. A dirty, disorderly plant attracts dirty, disorderly employees.

INDUSTRIAL POWER

FROM A TO Z

(Automobiles to Zinc)



LAMPS—incandescent electric lamps—are the product of the Trenton factory of the Westinghouse Lamp Company. The entire works including a boiler plant was designed and constructed by STONE & WEBSTER, INC. To manufacturers contemplating additions or new construction we offer the following statement from the Westinghouse Lamp Company:

"Your engineering was, as far as we know, without a flaw. A splendid spirit of cooperation existed between your representatives and our staff. The pleasure of working with you would have amounted to little, however, did it not appear as a matter of figures in the final accounting. You were able to turn back to us a very substantial saving on the estimated cost, which was particularly interesting at a time when the prices of labor and material were advancing from day to day."

STONE & WEBSTER

INCORPORATED



NEW YORK, 120 Broadway
SAN FRANCISCO, Holbrook Bldg.

CHICAGO, 38 S. Dearborn Street
PHILADELPHIA, Real Estate Trust Bldg.

BOSTON, 147 Milk Street

Government Aids to Business

A standardized method for measuring hosiery is described in Circular 149, issued by the Bureau of Standards.

A New Method For Measuring Hosiery Sizes

The development of the standard method was accomplished through a questionnaire and an analysis of the replies received, each stating definitely the method of measuring the size and indicating the application of a ruler on the foot of the hosiery, giving the exact position.

Nine different methods, each of which is described in the circular, were found to be in use. The various methods indicated that for any one specific hose a difference of one full size could be obtained. The selection of the standard was based on two considerations—first, that of the numerical average of the nine methods; and, second, the manufacture of the hosiery, making the line of measurement pass through the two most consistent points in the hosiery. The points selected were the tip of the toe and the bottom of the heel gore.

The standard method of measuring the hosiery consists of placing the ruler on the hose after the hose has been boarded and pressed and appears in a flat, unwrinkled condition, along the line in which the tip of the toe and the bottom of the heel gore are connected, measuring the distance along this line from the tip of the toe to the back of the heel to the nearest half inch, giving preference to the lower number for the hosiery size.

Copies of the circular are obtainable from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 5 cents a copy.

Standard dimensions of boxes for men's, women's, and children's hosiery are proposed in

Hosiery Box Dimensions May Be Standardized

Technologic Paper 253, issued by the Bureau of Standards. Adoption of the proposed standards would reduce the present sizes by 76 to 83 per cent, the bureau believes. Hosiery boxes in use at the present time are represented by photographs and a series of graphs which show the waste, defects in packing, breakage, and the like. A new method of packing men's hosiery is explained in the belief that it will provide for a more presentable package and result in an additional saving of space.

The results to be obtained from the standard hosiery boxes are discussed from the consideration of waste materials, storage, smaller shipping cases, cost of boxes, decrease of crushing, and breakage of boxes.

Copies of the paper are obtainable from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 10 cents a copy.

To find the limits of utility of a soldered joint, the Bureau of Standards has undertaken

Load Tests of Soldered Joints

in the tests.

A series of tests has been made by the Bureau of Standards to determine the effect of sulphur impregnation on the absorption and strength of sandstone. Three textures of stone were selected and soaked in molten sulphur. Tests on specimens of the different stones before and after treatment indicated a remarkable increase in compressive strength owing to its impregnation, reports the bureau.

The treated specimens gave an average strength nearly three times as great as the untreated ones, and the absorption values of the stones were reduced from over 4 per cent to a fraction of 1 per cent. These tests indicate that by a rather

simple and comparatively inexpensive method a weak and porous stone can be rendered as strong as granite. Weathering tests are in progress on treated specimens of the sandstone to determine if there is any disintegrating effect or progressive discoloration from exposure.

Photographs of corroded pipe are used to facilitate the Bureau of Standards' investigation of soil corrosion. The photographs were taken with a camera designed in the bureau's photographic laboratories. The photographs show the entire surface of the pipe in one piece. Tests to determine the effect of soils on pipe have been in progress for some time.

Special Camera For Study of Pipe Corrosion

The results of completed endurance tests on two balloon tires indicate that the mileage will

Balloon Tires Tested for Endurance

be about the same as for the high-pressure type, reports the Bureau of Standards. Power loss tests on balloon tires are in progress. Several of the tires used in the tests are of special design, and disclose considerable variety of structure. The cords of one tire are tangent to the rim. Another tire has cords set at 90 to the rim, and in this tire only two plies of cord are used instead of from four to six.

To facilitate reading of water gauges on boilers where the gauges are in inaccessible places at

A Periscope For Reading Water Gauges

some distance from the floor the Bureau of Standards has designed a periscope. The work was undertaken in behalf of a manufacturer of water-tube boilers. An optical system of unit magnification for a simple periscope was designed and supplied to the manufacturer.

The Tariff Commission has issued a report on its investigation of the differences in the foreign

Differences in the Costs of Wheat Production

and domestic costs of production of wheat and wheat products, including two statements presenting the views of the several commissioners with regard to application of the facts disclosed in the investigation. A reservation is made by Thomas O. Marvin, chairman of the commission, with regard to mill feeds. The report is based on 1,832 farm cost records obtained from 79 localities—881 records from 36 localities in the United States and 951 records in 43 localities in Canada. The area included in the farm cost investigation is approximately 450,000 square miles.

On the basis of the commission's report to him, President Coolidge proclaimed an increase in the duty on wheat flour from 30 cents a bushel of 60 pounds to 42 cents a bushel of 60 pounds; an increase on wheat flour, semolina, crushed or cracked wheat, and similar wheat products not specially provided for, from 78 cents per hundred pounds to \$1.04 per hundred pounds; and a decrease on bran, shorts, and by-product feeds, obtained in milling wheat from 15 per cent ad valorem to 7½ per cent ad valorem.

The fourth report in the series in which the Department of Commerce is giving the results of

Transportation and Export Trade in Farm Products

its special study of world trade in agricultural products is presented in Trade Information Bulletin 216, which discusses transportation in relation to the export trade in agricultural products. The report was prepared by Roland M. Kramer, assistant professor of commerce and transportation, Wharton School, University of Pennsylvania, under the

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Greater Output at Smaller Cost!

Individual workers using Wallace Portable High Speed Precision Machines can turn out 50% more work than those using hand saws, planes, etc.

Install a sufficient number of

WALLACE Portable Machines

to enable every employee engaged in wood-working of any kind to use them whenever needed. Your woodworking output can be increased in similar proportion and a considerable reduction in production costs effected. These machines operate from any electric lighting circuit and can be moved from job to job at will.

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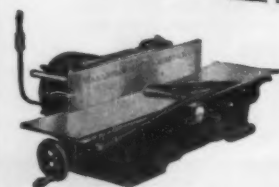
Universal Saw	6" Jointer
Plain Saw	4" Planer
6" Lathe	16" Band Saw
Glue Pot with Controlled Heat	Solder Pot with Controlled Heat

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Wallace Portable Universal Saw



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True Service
Without
Hardship**



OUR ELECTRIFIED CIVILIZATION

Your Electric Light and Power Company Serves Every Minute of the Day and Night

The lineman's work is done promptly and loyally whatever the season or the weather. On the hottest of summer days, on the coldest winter nights, in sleet, rain or snow he is on the job for you.

The one slogan of every electric power company is "*Uninterrupted Service*"—to your home or business, and to the street cars that carry you to work or recreation.

The keenest electrical minds in the public utility companies serving you, co-

operating with the engineering and research departments of the manufacturers, are constantly seeking to create better devices to reduce factors of human error, and to render better electrical service.

The big generators in the power house must be ever in motion. Every piece of apparatus in the long chain from Central Station to user must be in working order.

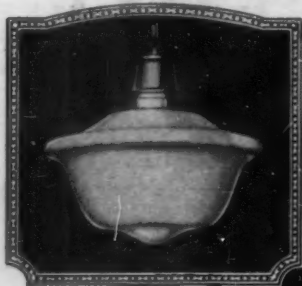
And all these things are done in order that you may always have light, power or heat by the pressing of a button or the closing of a switch.

Westinghouse is proud of its long and intimate association in service with the electric light and power companies of the whole world.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY
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When writing to WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY please mention the Nation's Business



The IVANHOE Trojan Unit is widely used for the efficient lighting of offices and stores.



The White-Henry-Stuart Building (left) and the 38-story L. C. Smith Building (below) have a total equipment of nearly 6,000 IVANHOE Trojan lighting units.



Seattle Sets a Pace in Office Lighting~

SEATTLE—gateway of an Empire—center of commerce and industry, runs true to form in the example it sets in modern, efficient office lighting.

The magnificent White-Henry-Stuart Building and the stately L. C. Smith Building are both lighted by IVANHOE Trojan units. In these two buildings alone there are nearly 6,000 IVANHOE Trojans.

Adequate, uniform illumination typified by these modern buildings, is an aid of utmost importance. It helps to prevent errors in typing and copying, filing and the hundred and one other daily duties. It adds materially to the value of office space. It is worthy of the careful consideration of every building owner who wants to secure and hold desirable tenants.

"GOOD Commercial Lighting" contains the answers to 16 important questions that every purchaser of commercial lighting should ask about lighting units before purchasing. If you are a building owner or tenant you will be interested in the helpful and up-to-date information this folder contains. Ask for your copy.

IVANHOE DIVISION
of The Miller Company
Cleveland, Ohio

IVANHOE

GLASS SHADES - STEEL REFLECTORS

THE following well-known office buildings are lighted in whole or in part with Ivanhoe units—and in most cases the Trojan is used.

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Brookline, Mass.
Oliver Street Trust Bldg.,
Boston
Jackson Bldg., Buffalo
New York Life Bldg., N.Y.C.
Hudson Terminal Bldg.,
N. Y. C.
Union Trust Co., Cleveland
Rockefeller Bldg., Cleveland
Hammond Bldg., Detroit
Stroh Bldg., Detroit
Standard Oil Co., Toledo
Alaska Bldg., Seattle
Empire American Bank
Bldg., Seattle
Ranier Bldg., Seattle
Transportation Bldg.,
Washington
Edwards Bldg., Washington
Federal Reserve Bank Bldg.,
Kansas City
Interurban Bldg., Dallas
Mercantile Bank & Trust
Bldg., Dallas
Maverick Bldg., San Antonio
Cotton Exchange, Houston

immediate direction of Eugene M. Gregg, chief of the transportation division of the Bureau of Foreign and Domestic Commerce.

The importance of transportation to the export trade in the principal farm products is emphasized in considerations of the routing of export shipments, services and facilities, terminal facilities, inland water routes, conference agreements, and rates.

Highway engineers are insisting upon too great refinement in the specifications for asphalt to be used on roads, concludes the Division of Simplified Practice of the Bureau of Standards. Although special grades of asphalt may be needed under certain peculiar conditions of traffic and climate, the division believes that an upper limit of seven grades of material will be ample for all practical purposes as against thirty or more which are now demanded by the specifications of highway engineers in different states.

A preliminary meeting with manufacturers was first held, after which the bureau made a survey to determine the penetration limits in use at the time, the penetration test being the most important one for this material.

A general conference was then held, at which definite penetration limits were fixed for construction of sheet asphalt, asphaltic concrete, and asphalt macadam pavements, and also for surface treatments and joint fillers.

The requirements adopted are presented in Simplified Practice Recommendation No. 4 of the Bureau of Standards, copies of which may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 5 cents each.

The code for electricity meters, approved as an American standard by the American Engineering Standards Committee in 1922, is under revision by the joint sponsorship of the Bureau of Standards, the Association of Edison Illuminating Companies, and the National Electric Light Association, in accordance with the procedure of the American Engineering Standards Committee. The code includes specifications for the test and acceptance of types of watt-hour and demand meters with their accessory devices, together with recommendations on installation, maintenance, and meter testing methods.

Code for Meters Now in Process of Revision

This code is the basis of American practice in the manufacture of electricity meters, and their use, test, and maintenance by public utility operators. Approval tests of types of meters by public utility commissions are based on the code, and the rules for periodic meter testing formulated by state commissions are in general accordance.

The apparatus designed by H. L. Whittemore for the transverse testing of bricks is described in Technologic Paper 251, issued by the Bureau of Standards. The new apparatus consists of two equal arm levers about the length of a brick, mounted side by side on a pin at the middle of their length. At each end the levers have barrel-shaped knife edges carried on vertical spring-steel plates, which allow longitudinal movement of the knife edges. The levers equalize the four forces acting upward on the lower surface of the brick. The upper knife edge and the bearing plate are self-adjusting.

An Apparatus for Transverse Tests of Brick

The fifth of a series of specifications for the kinds of quicklime required by different chemical industries is presented in Circular 152, issued by the Bureau of Standards. The circular considers lime used in making glazes, enamels, and the similar products. Ceramic whitening, the bureau explains, is really calcium carbonate, with or without a small

A Series on Uses of Lime In Industries

Copies of each from the Government

amount of magnesium carbonate, but it performs the function of lime. It should not contain less than 97 per cent of carbonates, and should be very fine, so that 98 per cent of it will pass a No. 200 screen. The preceding four circulars considered lime used in cooking rags, in causticizing, and in sulphite pulp and glass.

Circular 152 is obtainable from the Superintendent of Documents at 5 cents a copy.

Very little glow and almost no smoke showed on the unexposed side of a specially designed theater curtain when tested for 15 minutes in a temperature of 1,700° Fahrenheit, reports the Bureau of Standards. The curtain includes front and

Furnace Tests of Curtains for Theaters

back facings of asbestos cloth, separated by a metal frame work which connects with guides, trolleys and track at the side in such a way as to maintain the curtain in place and enable it to operate under considerable pressure from wind or drafts produced by a fire. In the test the curtain formed one side of a furnace fired by fuel oil burners.

The test just completed is the last of a series in which the types of curtains now in use were included and in the course of which some new types and improvements were developed. The first curtains tested were of the rigid steel type having a sheet metal face on the auditorium side and an asbestos board covering on the stage side with structural steel framing between them, the total thickness being about 7 inches. This type of curtain held back fire, smoke and glow for more than half an hour—more than ample time for an audience to leave a theater, as the exit facilities are usually capable of emptying a house in five minutes or less.

Tests were also made of ordinary single asbestos cloth curtains. Curtains of that type were found rather inadequate as fire stops, the cloth losing strength readily when exposed to fire. The single thickness permitted smoke and glow to show on the auditorium side. An asbestos cloth was then developed with fine monel, nickel or chromium nickel alloy wires woven into the asbestos, which retained its strength much better than the plain or brass wire reinforced cloth, but as tested in single thickness considerable smoke and glow still showed on the unexposed side.

Factors that control the success of plastering operations are discussed in Circular 157, issued by the Bureau of Standards. The circular represents an attempt to collect and correlate the information for the public benefit. To assist in the

The Ingredients and Properties of Wall Plaster

work, a committee known as the Bureau of Standards Plastering Conference was organized of men most familiar with the different phases of plastering work. From the information provided by the committee and from laboratory research work, the best methods of plastering are now available in the circular.

Recommendation is made that furring be used when plastering exterior masonry walls, to prevent damage due to condensed moisture. When masonry walls are to be plastered without furring, the surface of the masonry should be true and clean and of the proper degree of wetness. Specifications and directions for erecting are given for wood, wire and metal lath, and gypsum plaster board. Descriptions and specifications are given for the ingredients of plaster—lime gypsum, cement, sand, hair, and water.

The chief properties of the wet mix are discussed, and complete directions are given for the mixing of the ingredients and the application of the wet mix to the wall. The chief properties of the hardened plaster are discussed in their relation to the comfort and safety of occupants of buildings. Different kinds of decorative features are described. Some of the common defects of plastering are described, and their causes and remedies suggested.

Copies of the circular are obtainable at 15 cents each from the Superintendent of Documents, Government Printing Office, Washington, D. C.

The Pacific Northwest

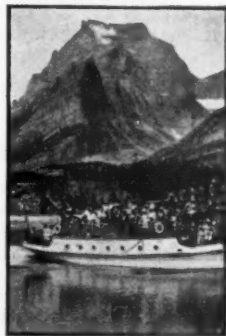


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round trip
from Chicago
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Coast destinations
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St. Louis \$81.50

Photo by Hileman



On St. Mary's Lake
Glacier Park

Get on a train this summer and let it take you straight to the heart of the most glorious profusion of scenic grandeur on the American continent. The Pacific Northwest includes:

*Glacier National Park
Yellowstone National Park
Crater Lake National Park
Rainier National Park
The Alaskan Tour*

The Travel Bureau of the Burlington-Northern Pacific-Great Northern Railroads will help you plan your trip and give you details as to the cost. If you are going to any other point on the Pacific Coast, it will tell you how to plan so as to include the Pacific Northwest.

P. S. Eustis, *Passenger Traffic Manager*
Chicago, Burlington & Quincy R. R.
A. B. Smith, *Passenger Traffic Manager*, Northern Pacific Ry.
A. J. Dickinson, *Passenger Traffic Manager*, Great Northern Ry.

*The Chicago Burlington & Quincy R.R.
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Send today for the free
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Not the little brass checks or cardboard tags that go on your luggage—

But the sky-blue slips of paper with which travelers, who know how to travel, always *cheque themselves* before they start on a journey, anywhere—*Travelers Cheques*—which take the place of *Money*—and, taking that place, take away all the traveler's care and worry about the *Safety* and value of his traveling funds—

American Express Travelers Cheques

These Cheques do just that thing—"Cheque" the traveler. And this means—

Cheque him against losing his money or having it stolen;

Cheque him with a money which is spendable anywhere, acceptable everywhere, and which is not subject to depreciation.

Cheque him with a money which crooks have no use for; since to make these checks good they must be signed twice by the purchaser, once when bought—at his bank or an express office—again when spent; and which, if lost before signed the second time, are made good by the American Express Company.

More than this: "Chequing the Traveler" with American Express Travelers Cheques means *chequing him personally*—looking after him, assisting him in countless ways, giving him a *personal Service* wherever he travels, anywhere in the United States or Canada, as well as in foreign lands.

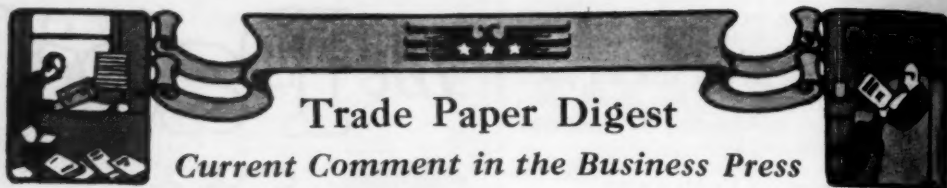
This personal Service side of Chequing the Traveler is *individual to American Express Travelers Cheques*—made possible through the development of American Express' international chain of offices around the world, and through its representatives in 26,700 express offices in this country.

Before you start on a trip anywhere—any time—for business or pleasure—"Cheque" out with American Express Travelers Cheques. They cost only 75 cents per \$100—a mere "tip" in traveling expense, but a "tip" you will always make—once you have made it.

FOR SALE AT 22,000 BANKS AND EXPRESS OFFICES

Secure your steamship tickets, hotel reservations and itineraries; or plan your cruise or tour through American Express Travel Department, 65 Broadway, New York.

American Express Co.
65 Broadway, New York



Trade Paper Digest

Current Comment in the Business Press

THE PAPER industry, which makes over 95 per cent of its product wholly or in part from wood, has endorsed—through the Newsprint Service Bureau and the American Paper and Pulp Association—the McNary-Clarke forest conservation bill now under consideration. Need for forest protection is appreciated by an industry which cuts down the forests for its raw material, although it claims that only 4 per cent of the wood cut annually in this country goes to paper.

Paper states that "thirty-two states having forestry departments appropriated a total of \$5,410,000, of which \$2,441,000 was appropriated by 18 states for the purchase and maintenance of state forests, \$1,727,000 by 28 states for fire prevention, \$607,000 by 9 states for insect and disease prevention, \$212,000 by 18 states for nurseries and planting, and the remainder chiefly for administration and publicity."

American Lumberman regards it as a foregone conclusion that the bill will pass, now that the House Committee has reported favorably on it, but urges that "the problem of reforestation will not be solved by laws alone. Forestry is peculiarly a subject that demands the sympathetic support of all the people. Fire is the forest's worst enemy, and fires are set and must be extinguished largely by the people. Drastic penalties for carelessness may help reduce the number of fires, but a sincere desire on the part of all the people to perpetuate the wood supply will do vastly more."

"Few people realize," says *The Iowa Homestead*, "what a tremendous annual loss this country sustains from forest fires, 80 per cent of which is the result of carelessness on the part of man. On the average we have 36,000 forest fires every year in which approximately eleven million acres of valuable forest is destroyed. This heavy loss, taken in connection with the fact that fully four-fifths of our cut-over forest lands are allowed to go to waste instead of being replanted to serviceable trees, shows that this country is annually sustaining enormous losses which, to a very large extent, could be avoided."

The McNary-Clarke bill seems to have won the support of all parties. *Manufacturing News*, in an article by the president of the Edward Hines Lumber Company of Chicago, calling reforestation "a public duty," says of the bill that while it is "not perfect" it "has many desirable features."

Wanted: A Demonstration Of Solid German Integrity

THE CHRONICLE quotes Sir Felix Schuster, one of the outstanding British bankers, as saying that the report of the reparations experts has opened a new chapter in the history of the world, and that "we have really come to an approach to a solution and can look forward in Europe to a restoration of normal conditions and improved life for both rich and poor."

In President Coolidge's words, "A situation at once intricate and difficult has been met in a most masterful way. . . . Nothing of more importance to Europe has occurred since the armistice."

Such quick approval on the part of all the concerned countries as was registered upon the publication of the Dawes report, presupposes, thinks *The Annalist*, "a tacit agreement in advance." However that may be, the main thing is the agreement, and there seems to be little criticism adverse to the report, although some uneasiness is manifested over the failure to set a definite total for reparations payment.

Characterizing "the world's reaction" as "distinctly favorable," *Commerce and Finance* calls attention to one principle on which the Dawes plan rests, namely, the belief "in the compelling force of intelligent self-interest"; but, when it comes to proposals, "the new bank of issue . . . is the heart of the scheme." Claiming that little editorial notice has been taken of a "sweet little pickaninny in the reparations wood-pile," the journal insists that he is there "snugly ensconced in the functions of this bank" and describes him as follows: "The bank is the depository for reparation payments. When the sums raised by Germany for reparations are paid in gold marks or their equivalent into this bank, Germany's responsibility in the matter ends. No longer must the German Government go into the exchange markets to buy foreign currencies for reparation payments, to the ruin of the mark. Germany's creditors may use in Germany to the limit the sums awarded them, or convert them into foreign currencies, but this latter they may do only with the approval of a transfer committee, when such conversion will not 'bear' the mark, on whose stability the continuation of payments depends."

"Experience will show the rate and extent to which conversion can safely take place," says the committee. Foreign credits in favor of Germany may be bought as they come into existence, not otherwise. The Allies may collect reparations to their hearts' content by the simple expedient of permitting Germany to accumulate such credits by the development of her export trade, while the choking of such trade automatically closes the only channel by which they may be secured."

Pursuing the thought contained in the last sentence, the following statement made by the German Chancellor is here printed for the serious consideration which it demands:

"If, after 1928, we can pay 2,500,000,000 marks, we shall be able to do so only because of a surplus in our production. This hypothesis implies the development of our exports to an extent which may not be convenient to neutrals. It may be that certain neutrals and even allied countries may find this prospect menacing to their own industries."

The Annalist remarks that one "of the most fascinating aspects of international trade and finance is presented in the theoretical certainty that the United States, through gold investments and through the purchase of German goods, will eventually provide the funds for the bulk of the total reparations payments. This sets the measure," says the journal, "of our non-entanglement with the affairs of Europe."

Coal Age points out that "coal is destined to play a major part in any plan of settlement, since it is one of the few commodities that Germany can export in quantity . . . The whole situation seems to indicate that a large volume of German coal is to be pressed upon the market, almost regardless of price." But coal is not Germany's only available export product—as a visit to any department store will prove. All intelligent business men having adequate comprehension of the significance of national interdependence prefer, naturally, to place stabilization of world markets ahead of local or individual gain; nevertheless, the long-headed American will adjust well in advance to the flood of German goods which will inevitably come, in order that Germany shall pay what is claimed.

It is hoped, says *The Price Current-Grain Reporter*, that "the inclination of France to coerce Germany further will abate, and it must be self-evident that Germany needs her own resources and practically unhampered control of her internal affairs." *Drug and Chemical Markets*

For general office use



Remington Standard 12

The New Quiet 12 is the crowning triumph of that great Remington factory at Ilion where the first practical typewriter saw the light of day fifty years ago.

In all of these fifty years, no other new model of a writing machine has ever won such instant popularity. In thousands of offices battery after battery of New Model 12's has followed the trail machine—so decisive are its many superiorities.

Its "natural touch" which makes operation surpassingly easy, its operating simplicity, and the consistent beauty of its work are a revelation to both owner and operator.

With all of its advantages, the New Model 12 costs no more than the ordinary typewriter, a fact which makes it the *incomparable* machine for general office work.

Where silence is desired



Remington Noiseless

The Remington-Noiseless (formerly The Noiseless Typewriter), the latest addition to the great Remington line, is in every respect worthy of its new and greater name.

It is rightly called "Your Silent Partner," for it has achieved that precious silence so essential in many business offices.

In New York City alone—in prominent banking houses and corporation offices—over 20,000 of these machines are now in service, and their number is increasing daily.

The Remington-Noiseless can *now* be obtained anywhere in the United States and Canada. It is distributed by Remington branches and dealers—equipped to give expert and universal service. Present Noiseless owners are invited to use these new facilities.

A product of
REMINGTON-NOISELESS TYPEWRITER CORP.



Sold by

REMINGTON TYPEWRITER COMPANY
374 Broadway, New York Branches Everywhere

Remington Typewriters

REMINGTON ACCOUNTING MACHINES—for all bookkeeping
REMINGTON PORTABLE—for personal writing

When writing to REMINGTON TYPEWRITER COMPANY please mention the Nation's Business



Aldwych entrance to Bush House.
The second London office of
The Equitable is located here

IN LONDON The Equitable has two offices

IN London we now maintain two offices for this twofold purpose:

- ① To assist in financing the export and import trade between England and her colonies and the United States.
- ② To accommodate conveniently the constantly increasing number of American visitors in London.

The Moorgate office, serving London's financial district, may be compared to our Wall Street office in New York. The Bush House office, which serves the hotel and shopping districts of London, corresponds to our Uptown office in New York.

Our service facilities in Paris also have been increased by the enlargement of the Paris Office, at 23 Rue de la Paix.

Are you going abroad?

Holders of the ETC Letter of Credit are entitled to the conveniences of our London and Paris offices, including the special Travel Service Bureau of the Paris Office.

THE EQUITABLE TRUST COMPANY OF NEW YORK 37 WALL STREET

UPTOWN OFFICE
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LONDON: 10 Moorgate, E. C.2
Bush House, Aldwych, W.C.2
PARIS: 23 Rue de la Paix
MEXICO CITY: 48 Calle de Capuchinas

IMPORTERS AND TRADERS OFFICE
247 Broadway

DISTRICT REPRESENTATIVES

PHILADELPHIA: Land Title Building
BALTIMORE: Calvert and Redwood Sts.
CHICAGO: 105 South La Salle Street
SAN FRANCISCO: 485 California Street

is impressed by the definiteness with which the Dawes committee has made it plain that Germany can pay, but concludes with the question—in everybody's mind—"Will Germany keep faith?"

Burtress Bill Is Called

"Asinine Legislation"

A BILL introduced by Representative Burtress has raised a small storm of disapproval among the farmers and millers. The measure provides that all flour containers shall bear labels showing whether the flour within the container is made from hard or soft wheat, and whether winter or spring wheat, or a combination of such wheats. *Modern Miller*, stating that the Department of Agriculture is authorized, if this bill passes, "to enter any mill at any time" in order to examine and inspect the wheat, exclaims, "Of all the stupid bills, no one of them has anything on this bill." And asks: "Who could determine violations in the finished product? No one. . . . There is not a chemist or scientist in Washington who could determine the fact that a flour is made from a mixture of spring and hard winter, except possibly by watching the manufacturer. It is yet to be demonstrated that they can tell a flour made from a mixture of soft wheat and either hard winter or spring." *The Price Current-Grain Reporter* cries: "Can you imagine such asinine legislation being proposed? Its enforcement would create an army of inspectors and the taxpayers another load to carry."

Collect Duties on Royalty

As Well as Duties on Dye

CUSTOMS appraisers in New York City have recently decided to collect on not only the values of imported coal-tar dyes but on these values plus the royalty paid on the patents. *Oil, Paint and Drug Reporter* remarks that "it seems that the appraisers have simply decided that they have been negligent in not heretofore collecting revenue which they believe legally payable to the United States" and adds "of course this increase will not be welcomed by consumers of the dyes to which it applies" (imported, non-competitive coal-tar dyes and other chemicals). *Drug and Chemical Markets* states that this imposition "adds about 5 per cent to the cost of the dye," and points out that "the goods are billed as two separate items, the selling price and the royalty"; therefore, the royalty does not seem logically to be a part of the selling price. Further, "Royalties on competitive dyes are not dutiable. Why should they be on non-competitive dyes?"

No doubt the matter will have to be settled by a test case in the courts.

Digging More White Coal

In United States and Canada

THIS nation's business depends upon its fuel—any nation's business does, nowadays—and the search is for fuel sources. Various huge projects are being promulgated, in the United States and in Canada, for the production of "white coal"—electricity produced from water power such as natural falls, dams, rapids, etc. The following statement from *Universal Engineer*, in a discussion of coal resources of the Dominion, shows the increase of water-power development in Canada, since 1886:

"From 1886 to 1913 the total coal consumption of Canada increased in a fairly regular manner in proportion to the population and in 1913 the total first exceeded 30,000,000 tons. In 1921 the total was less than in 1913 and in 1922 it was 12 per cent lower than in 1921. It is shown by careful analysis that the stationary or slightly decreasing total is due to the increasing use of water power. While the population increased 20 per cent in ten years, the use of water power in industry increased 254 per cent in the same time. It would take about 29,000,000 tons of coal to produce the horsepower now developed annually in Canada and at \$10 a ton this repre-

sents \$290,000,000. But for the hydro-electric development in Quebec and Ontario, these provinces would require more than twice their present supply of coal, which in 1921 was 18,690,000 tons."

The eastern states are considering the importation of power from Canadian sources. *Electrical World* quotes Samuel Ferguson, president of the Hartford Electric Light Company, as saying: "Seven companies in this zone are now combining resources to bring power from Canada." And again, "There is power enough in Canada to relieve the New England situation entirely."

In the West, the United States federal power board has been studying the possibilities of a Colorado River power and irrigation scheme and has reported favorably upon it as preferable to the Boulder Canyon plan. The chief engineer's report makes it clear, says *Electrical World*, that "it would be inadvisable for the Federal Government to undertake the development when private capital is ready and willing to do the work under the water-power act and accomplish all the purposes of flood control and irrigation which could be attained by a federal project." He adds, "The power demand in southern California has increased in the past fourteen years at a rate of about 13 per cent compounded annually." And further, "It is not extravagant to conclude that all the power in the canyon section of the Colorado may be absorbed in the next twenty-five or thirty years."

As members of the Federal Power Commission, Secretaries Work, Weeks and Wallace have reported on the Boulder Dam project adversely. Among other arguments which they advance against federal undertakings is this: "It has been argued that the United States should finance this power development because with a lower interest rate, absence of profit and freedom from taxation, power could be delivered at a less cost than if developed by private capital. This is by no means a necessary conclusion, but even if it were, electric power is only one element in industry, and if federal financing is justified in the present case on such grounds, it is similarly justified in all other cases and in all branches of industry." The same contention has been advanced by others, of both socialist and non-socialist schools.

The federal water-power act has received, during its three and a half years of life, nearly 500 applications for power projects, says *Electrical World*, "involving an estimated installation when constructed of 21,500,000 horsepower, or more than twice the total installed horsepower in existing water-power plants of all kinds in the United States. The commission has issued permits and licenses for 7,500,000 horsepower, five times as much as had been granted under federal authority prior to the passage of the act. There is 2,400,000 horsepower built or building under license of the commission, or nearly twice as much as was built under previous federal legislation in our whole history. . . . The majority of those . . . which have not yet been acted upon involve the Colorado and Columbia Rivers and Canadian boundary waters."

Furriers Deny Charges Of Cruelty and Slaughter

ACCORDING to our neurone patterns, furs represent romance, magnificence and comfort, or hardship, blood and horror. One who gazes at a window display of luxurious furs may—if there is any consciousness whatever beyond covetousness—summon to the imagination picturesque heroes of the "frozen north," adventurers of the Hudson's Bay Company, and the French trappers and hunters, or construct a setting suitable to the wearing of such garments—past courtly splendor or modern American pomp and circumstance. But there are a few persons beyond the average who see in the fur trade only cruelty, greed and waste.

Fur Trade Review attempts to answer these conscientious objectors by pointing out that "95 per cent of the skins or the animals killed and ultimately purchased by the public during the



Mack Truck Parts are shipped in Pioneer Boxes

The International Motor Company use the same degree of thoroughness in their shipping room that they do in building Mack Trucks. Their decision to ship in Pioneer (Wirebound) Boxes was the result of careful investigation.

Read the following letter from Mr. L. J. Bennett, General Service Manager. It is worth while.

"It gives us great pleasure to state that we are more than satisfied with your PIONEER wirebound boxes, and that we do not hesitate to give them our unqualified endorsement.

"They are light in weight, which is an important item, as it saves us a considerable amount on our shipping expense.

"Since using your boxes, we have had very little breakage in transit. This has resulted, not only in a reduction in our losses in this respect, but also in our being able to give our customers quicker, better service.

"It is needless to say that in view of the fact that PIONEER boxes have been giving us entire satisfaction, we expect to continue using them."

Large and small shippers in every line of industry are giving their products better protection, increasing the efficiency of their shipping department and saving money by using Pioneer Wirebound Boxes and Crates.

It will cost you nothing to find out how they are doing it—and how you can do it. A short letter to us is all that is necessary.

Write for "General Box Service"—a booklet of information on better boxing and crating methods.

GENERAL BOX COMPANY

504 N. Dearborn Street, Chicago, Illinois

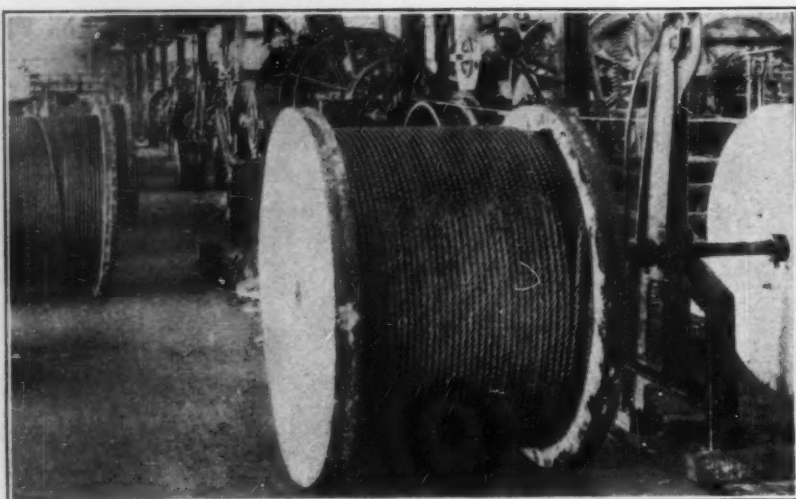
SEVENTEEN FACTORIES GIVE YOU CLOSE AT HAND SERVICE:

Bogalusa, La.
Brewton, Ala.
Brooklyn, N. Y.
Cincinnati, Ohio

Crawfordsville, Ind.
Detroit, Mich.
East St. Louis, Ill.
Hattiesburg, Miss.

Houston, Tex.
Ilmo, Mo.
Kansas City, Mo.
Louisville, Ky.
Winchendon, Mass.

Nashville, Tenn.
New Orleans, La.
Pearl River, La.
Sheboygan, Wis.

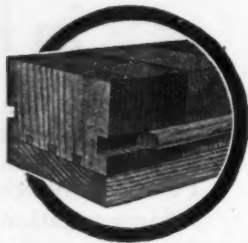


Extremely Heavy Service

The Mac-Whyte Company, Kenosha, Wisconsin, owners of the wire rope mill illustrated above, require floors that will withstand terrific wear and stay smooth.

In 1918, Bloxonend was laid directly over a worn concrete floor in one of the main aisles. Later it was installed throughout the mill. And the reason—

Bloxonend, end-grain, resilient, comfortable, dustless, is so designed that it resists abrasive wear and stays smooth always. Practically no upkeep cost.



Bloxonend is made of Southern Pine with the tough end grain up. It comes in 8ft. Lengths with the blocks dovetailed onto baseboards.

Booklet "M" contains some interesting floor data.
Write our nearest office today for a copy of it!

Carter Bloxonend Flooring Co.

Kansas City, Missouri

New York: 501 Fifth Ave.
Chicago: 332 S. Mich. Ave.

Cleveland: 1900 Euclid Ave.
Boston: 88 Broad St.

Detroit: 1st Nat'l Bank Bldg.
San Francisco: Hobart Bldg.

BLOXONEND
Lays Smooth **FLOORING** *Stays Smooth*

Copies of the
Convention Number
EXTRA EDITION
of **NATION'S BUSINESS**
10c Each

We will send them to you in bulk post paid, or separately to a list of names and addresses furnished by you—either method, 10c per copy.

The 1924 Extra Edition of *NATION'S BUSINESS* (ready June 5) will contain the best speeches and discussions of the Twelfth Annual Meeting of The Chamber of Commerce of the United States, held in Cleveland, May 6-8, when business leaders from every State in the Union discussed mutual problems of National and individual importance. One copy of the Extra Edition will be sent to each member and to each subscriber without charge.

Additional copies will be sold to members and subscribers only, at the nominal price of 10c each. Address *THE NATION'S BUSINESS*, Washington, D. C.

When writing to CARTER BLOXONEND FLOORING COMPANY please mention the *Nation's Business*

past year can be grouped in two classes as follows:

Predatory and destructive animals,
Animals killed for food."

These are mostly the smaller sorts—from foxes down to squirrels and moles. The argument is that if these animals, which destroy birds and bird eggs in great numbers, were not slaughtered, the decrease in bird life would be so great that insect life would overrun everything, resulting "in the starvation of our race through the depredations of our insect enemies. . . . Consider," the journal continues, "that the daily ration of a fox is one pheasant or the equivalent in weight of other smaller birds, the song birds and others, most of which are insectivorous, or that the raccoon is an insatiable birds' egg eater, while the weasel and his cousin, the ermine, kill anything with feathers for pure blood lust." And, as for muskrat (of which more skins were handled last year than of any other pelt), "these rats, in certain localities, have undermined dams and factory buildings that were dependent for their power upon the adjoining streams or rivers where they hibernate."

Industrial Accidents Reach New High Record

IN NEW YORK STATE, the factories kill, on the average, 5 workers each day, and injure 1,000 a day. That conclusion is drawn from the annual report of the New York State Industrial Commission, says *Manufacturers Record*, in an article by Guy M. Walker, and appears in startling contrast to the record of Great Britain for 1921, "which shows that there are five times as many accidents per one thousand of workers in New York state as there are in Great Britain, and this in spite of the fact that British factories do not compare with American in matters of safety appliances and safety conditions for the workers."

The facts, however, do not bear out the contention that New York suffers alone in this high accident record. *National Safety News* says that industrial accidents increased during last year all over the United States. Reasons advanced are (a) increased industrial activity involving untrained help, (b) production taking precedence of prudence.

Mine Men Convinced Of Standardization's Values

MINING men are coming to realize the necessity of cutting costs through better management, and the American Mining Congress has already sent to the American Engineering Standards Committee definite recommendations (which are available to the entire mining industry), according to *The Mining Congress Journal*, for "national standards to include mining ventilation both in coal and metal mines, underground transportation in coal mines, drainage in coal mines, outside coal handling equipment and underground power transmission and power equipment." One company, having tried standardization principles, reports a saving through one year of \$45,000. Several others likewise have experienced great benefits. Gradually "standardization is becoming recognized as the arch enemy of waste."

But *Manufacturers Record* thinks the Department of Commerce is really going a little too far in this standardization stuff. Their sentiments might be set down (with apologies) in verse form, as follows:

They are standardizing lumber;
They are standardizing bricks;
They would standardize our pages
And the length of miners' picks.

Why not standardize "our little home"—
Perhaps our women's hats,
Set a measure for our news stuff
Stated—say—in kilowatts?

Why not go a little further, then,
In high standard standardizing,
And standardize the bureau's life
And the date of their demising!



Big Oil Company Has 84 Fords in Daily Service

"Nothing can equal the Ford One-Ton Truck for fast, economical delivery of oil and gasoline in quantities up to 400 gallons," says S. Steen, Superintendent of the Automotive Department of Wadham's Oil Company at Milwaukee.

For eight years this concern has used Fords for delivery and sales work and now have sixty Ford Coupes, ten Roadsters, fourteen Ford One-Ton Trucks and a Fordson Tractor.

"The Ford Coupe is the standard salesman's car," continues Mr. Steen. "We prefer them because they give less trouble and have by far the lowest initial and upkeep cost. Compared with other makes of cars a saving in operating cost of \$180 to \$584 per car is gained."

"Running 12 months a year over all manner of roads, these cars average 12,000 miles, enabling the salesmen to cover far more territory than would be possible by train."

"Ford Roadsters fitted with a box body are used for special delivery and service work. We also use a Fordson Tractor for removing snow around filling stations and general work around our refinery. It gives perfect satisfaction and we would not be without it."

"Two mechanics do all the repair work on our 84 Fords except for minor adjustments that are made on the road."

Any Authorized Ford Dealer has facts and figures that will show you how you can profitably Fordize your business

One-Ton Truck Chassis, \$370 F. O. B. Detroit

Ford
CARS · TRUCKS · TRACTORS



Automobile Costs Known In Advance

EXECUTIVES can now know accurately the cost of operating motor cars for business—without making a capital investment or maintaining a complicated accounting system. Wherever they go, your representatives can enjoy the business advantages of personally operated cars—with none of the abuses or excess costs.

The Saunders System of renting new, clean cars, driven by customers, is now operated in forty cities on a standardized basis of uniform efficiency and low cost. For most users, the cost is actually less than private ownership. Liability protection and insurance above \$15 damage.

All charges are definite and based on the exact distance your men drive. Costs are as low as 10c per mile and no higher than 14c for any type Ford. Gear shift cars 16c. You buy the gas and oil. Coupes, Sedans and Touring Cars.

Traveler's Identification Cards are furnished to eliminate red tape. With these, your men can get cars instantly at any Saunders Station. May we supply you with these cards and other details of Saunders Service as applied to your business?

Saunders Drive-It-Yourself Co.

Executive Offices
102 Saunders Bldg. Kansas City, Mo.

101

1924 Saunders Drive-It-Yourself Co. ©

A National Institution

Saunders System owns, controls and operates stations in these cities:

Akron	Louisville
Atlanta	Loveland, Colo.
Bessemer, Ala.	Memphis
Birmingham	Milwaukee
Chattanooga	Mobile
Cincinnati	Moline
Cleveland	Montgomery
Columbus	Nashville
Davenport	New Albany, Ind.
Dayton	Oklahoma City
Denver	Omaha
Des Moines	Peoria
Evansville	Rockford
Ft. Collins, Colo.	Rock Island
Galesburg	Springfield, Ill.
Houston	Springfield, O.
Indianapolis	St. Joseph, Mo.
Kansas City	Tulsa
Lincoln	Tuscaloosa, Ala.
	Washington, D. C.



NOTE: Tear this out and send it to a business friend

To the United States Chamber of Commerce,
Washington, D. C.

Send me the NATION'S BUSINESS, your official monthly publication, beginning with the JUNE number. Bill me later for \$7.50 for the three year term-subscription (OR: I enclose remittance with this coupon).

NAME.....

ADDRESS.....

CITY AND STATE.....

When writing to SAUNDERS DRIVE-IT-YOURSELF Co. please mention the Nation's Business

News of Organized Business

The Ideal Chamber Secretary

A STUDENT and worker in the laboratory of human life; a teacher of the creed that men are of value in the world to the extent that they are able and willing to work in harmony with other men; a leader whose mission is to organize and inspire the unselfish cooperation of progressive men and women in the mutual cause of community development; a civic engineer whose business is the building of better cities, better citizenship, and a better country; a business manager who administers the affairs of the organization, interprets its policies, and directs the work of its staff; an executive who serves unselfishly the best interests of the organization and the community it represents.

F. ROGER MILLER,

Business Manager, The Macon Chamber of Commerce, Macon, Ga.

A Way of Listing Industrial Sites

TO PROVIDE for greater industrial expansion of San Francisco the chamber in cooperation with the real estate board has made a plan for the complete listing of all industrial properties. Many brokers from time to time have come in contact with prospective citizens who are undecided on the location of their business enterprises. The matter of location, the chamber believes, is a problem in industrial engineering, and it has made preparations to solve the problem efficiently and expeditiously. Under the cooperative plan real estate agencies will work together to show and to sell sites best suited to the prospective business, whether or not the sites are among their own listings. The method of procedure provides that industrial properties within the scope of the plan shall include:

"All vacant lots or improved properties, except such properties as are purely residential in character, offered in whole or part for sale or lease within the districts designated by the San Francisco zoning ordinance as light industrial, heavy industrial, or unrestricted and other industrial properties.

"All lofts or store rooms suitable for manufacturing, wholesaling, jobbing or agency purposes offered for rent or lease in any part of San Francisco.

"All listings shall be submitted to the chamber of commerce on a form to be furnished by the real estate board to its members, and no listings will be accepted from owners direct. When a prospective purchaser or lessee comes to the chamber of commerce from any source the representative of the real estate board at the chamber of commerce will endeavor to assist him in finding the property best suited to his particular needs and for the benefit of the community at large. If and when such prospect decides that a particular property meets with his needs, the representative will conduct him to the broker listing that property and will assist the broker in every way possible in closing the deal."

Brooklyn Holds Industrial Show

TO ADVERTISE the borough's industrial products an exposition was held in Brooklyn under the auspices of the chamber of commerce. The exhibits were on display for a week and included shoes, coffee, glass, lumber, razors, automobile trucks, paints and varnishes, steam pumps, die castings, motion pictures, candy, knit wear, photographs, hardware, soft drinks, tires, chemicals, plumbing supplies, household furniture, parquet flooring, meats, soaps, storage batteries, elevators, pianos, ice cream, stair cushions, office furniture, and the many parts of automobiles. Exhibits were also displayed by charitable institu-

tions with spaces donated by Brooklyn banks and newspapers.

The chamber provided afternoon and evening concerts to entertain visitors to the exposition, and included an exposition section in *Brooklyn*, the chamber's magazine.

Special Course at Penn State

A COURSE in industrial organization and management will be given by the Pennsylvania State College through its department of industrial engineering in cooperation with the engineering extension department. The course will begin on June 16 and end on June 28. The instruction will include lectures and laboratory work. J. O. Keller, head of the industrial engineering department, is the administrative officer in charge of the instruction.

The course includes the study of organization and administration, the industrial plant, purchasing and stores, manufacturing methods, planning and production control, industrial accounting, and personnel administration. The fee for the entire course, including tuition and all living expenses, is \$75.

Reception for Soccer Victors

WINNING of the national soccer championship by the Fall River football team gave opportunity for the chamber to hold a community reception for members of the team. The program included four-minute appreciative talks by representatives of the city government, organized labor, the merchants, the manufacturers, and the public. The reception was held in a large auditorium. Admission was by invitation, and about 3,500 persons were guests. The chamber reports that the reception gave a new basis for popular understanding of the chamber's supporting interest in civic affairs.

A Traffic Club at Shreveport

A TRAFFIC club has been organized at Shreveport, Louisiana, with a membership of one hundred and fifty. The purpose of the club is to provide means for a closer acquaintanceship between industrial and railroad traffic representatives, a better understanding of the problems with which they are mutually concerned, and a harmonious adjustment of all traffic problems.

A 600-Mile Six-Day River Cruise

A 600-MILE six-day good-will cruise by river steamer to nineteen towns in Ohio, Kentucky and West Virginia was made by the Cincinnati business men on invitation of the chamber. The cruise was planned and directed by the chamber. The fare of \$145 included transportation, meals, state room, and entertainment.

The itinerary included Cincinnati, Ripley, Manchester, Portsmouth, Ironton, Gallipolis, Middleport, Pomeroy, Racine, and Marietta in Ohio; Augusta, Maysville, Vanceburg, Greenup, Ashland, and Catlettsburg in Kentucky; Huntington, Point Pleasant, Ravenswood, and Parkersburg, in West Virginia.

Management Congress at Prague

AN INTERNATIONAL congress for consideration of problems of management, advertised as the first of its kind, is to be held at Prague, Czechoslovakia, July 21, 22, 23, and 24. The congress was conceived and planned by the government of the Republic of Czechoslovakia and the Masaryk Academy of Prague. Decisive in the concept of the congress was realization of the importance of understanding of the principles and methods in using economic resources in the complete restoration of a prosperous and enduring peace.

The congress will be held under the auspices of the government of the Republic of Czechoslovakia, the Masaryk Academy, the American Engineering Council, the American Society of Civil Engineers, the American Institute of Mining and Metallurgical Engineers, the American Society of Mechanical Engineers, the American Institute of Electrical Engineers, the American Management Association, the Management Division of the American Society of Mechanical Engineers, the

More Coal than the Ruhr

—and iron in limitless amounts in Utah make for the lowest steel production costs in the United States, within a short distance of—

Salt Lake City

EVERY business man with a nation-wide outlook on industrial expansion will follow with close interest the developments now in progress in Utah—of which Salt Lake City is the financial, industrial and commercial, as well as the political capital.

Utah's steel industry, now representing an investment of more than \$10,000,000, is firmly established and prosperous. More than \$1,000,000 a week is being taken from the ground, representing the mining production of 210 different minerals.

In 1923 Utah was first in silver production of the nation, second in copper, third in lead, sixth in gold

In 1923, the value of products manufactured in Salt Lake City reached a total of \$103,814,000. Manufactured products in Utah increased from \$15,000,000 in 1905, to \$300,000,000 in 1920—a gain of 500 per cent in fifteen years. Salt Lake City is served by six main trunk line railroads, making possible excellent markets for her products on the Pacific Coast and in the middle west.

Salt Lake City's bank clearings in 1923 were \$785,320,000—taking fourth rank in bank clearings of cities between 100,000 and 150,000 population. More than \$8,976,000 was spent in building activities during the same year, and the first quarter of 1924 showed a gain of 50 per cent over the same period last year. Salt Lake City is the jobbing center for seven states and 7,000,000 people! 21,652 merchants do business with her wholesalers and manufacturers.

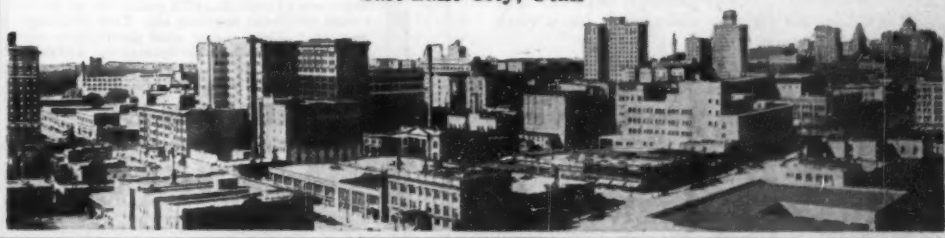
Located on the shores of the marvelous Great Salt Lake and in the Center of Scenic America, Salt Lake City is a tourist point of unsurpassed prominence. The knowledge carried away by travelers of her resources, her progress, her beauties and her supremely desirable living conditions is reacting with a constantly accelerating influx of new people and new capital.

Some of the most promising business opportunities in the United States today for men with capital—moderate or large—are those existing in Salt Lake City, and Utah.

For detailed information, write or wire the Department of Industries (N-1) requesting copy of the Industrial Analysis of Salt Lake City and Utah

The Chamber of Commerce

Salt Lake City, Utah



When writing to THE CHAMBER OF COMMERCE, SALT LAKE CITY, UTAH, please mention the Nation's Business

In The Swiftly Moving World of Business

Nearly every invention in transportation and communication was designed primarily to save time. Business, too, relies largely upon speedy turnover for financial success. This in turn makes necessary swift means for the distribution of goods.

Banking is both the vanguard and rearguard of business. Thus a business man depends largely upon the capacities of his bank to provide a rapidly operating service.

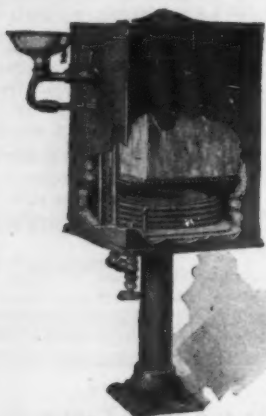
The Bank of America meets this requirement completely. Carefully selected representative banks in the commercial centers of the world and an organization widely experienced in business banking enable this institution to handle efficiently and promptly banking matters of national or international extent.

Further information will be gladly given if you will write us.



THE BANK OF AMERICA

44 Wall Street
NEW YORK



Send for this Cooler on 30 days FREE Trial

Style No. 1 Cooler. 50 lbs. ice capacity suitable for about 20 men. \$51.00 F.O.B. Buffalo.
Style No. 2 Cooler. 100 lbs. ice capacity suitable for 50 to 60 men. \$66.00 F.O.B. Buffalo.

IF at the end of thirty days you are not satisfied that Jewett Square Water Coolers increase the efficiency and contentment of your workers, return them.

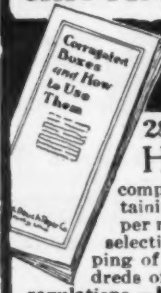
Jewett Square Water Coolers are connected with the regular city water system which makes them year round water dispensers; can be used in the cold weather without ice. They use 25% less ice than other drinking water coolers, because they take the ice in the cake and have cork insulated walls.

THE JEWETT REFRIGERATOR CO.
25 Chandler St. Buffalo, N. Y.

JEWETT

SQUARE WATER COOLER

Every Shipper Needs this Reference Book



FREE!

28 Pages—80 Illustrations

HERE is an invaluable guide for shippers. Not a catalog but a complete, pocket-size manual, containing all the information the shipper needs for proper and economical selection, packing, sealing and shipping of corrugated fibre boxes. Hundreds of pages of complicated packing regulations—**boiled down into simple, easy-to-follow instructions.**

This manual tells how to select the right type of box. Shows how to pack various products correctly and how to seal every style of corrugated fibre box.

Complete. Convenient. Authoritative. And yours for the asking. Write today.

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Tower Bldg., Chicago, Ill.
Scientific American Bldg., Washington, D. C.
Hobart Bldg., 582 Market St., San Francisco, Calif.
Van Nuys Bldg., Los Angeles, Calif.

National Association of Cost Accountants, the Society of Industrial Engineers, and the Taylor Society.

The program has been arranged at the request of the Czechoslovak sponsors to present the principles and methods developed by the most progressive American industrial management, and the methods of management, the conditions, and the problems of certain American industries which are important basic, national industries of Czechoslovakia.

Summer Session at Northwestern

INSTRUMENTS in special courses in commerce and economics will be offered at Northwestern University, Evanston, Illinois, from June 23 to August 16. Most of the courses meet daily, and will bear three semester hours of credit. Many of the courses may be credited toward advanced degrees. The courses include accounting, advertising, banking, economics, land economics, marketing and merchandising, and organization and management. The matriculation fee is \$5, and the tuition is \$60 for the term.

Farmers Are Hosts to City Men

FARMERS living near Racine, Wisconsin, are appreciative of their entertainment by civic clubs and the association of commerce at Racine, and they have given testimonial to their feeling in a dinner for the business men of the city. A hundred farmers got together, prepared a program, came into the city and entertained business men. The meeting gave both the farmers and the business men opportunity to express their opinions on matters of common interest.

Civic Groups Form Councils

CLUBS or councils for bringing together representatives of civic organizations for the discussion of questions of common interest are now established in Montgomery, Alabama; Canton, Ohio; Kansas City, Kansas; Boone, Iowa, and Brooklyn, New York. In some cities the presidents of the organizations serve on the councils. In others, the secretaries are the representatives. Some of the councils regulate their procedures by constitutions and by-laws. Discussions at the council table serve to inform all organizations of matters of civic concern and provide opportunities for acquaintance with the purposes and accomplishments of each organization represented. Chambers of commerce are actively represented in the civic councils.

Trenton Wares at Atlantic City

THE PRODUCTS of Trenton, New Jersey, will be permanently displayed at Atlantic City on the new Central pier. The exhibition will be arranged under the auspices of the chamber, and Trenton's diversified industries will be fully represented. A large electric sign will be a feature of the exhibition. The sign will flash Trenton's slogan, "Trenton makes, the world takes."

A List of Books on Merchandising

TO HELP employes in stores and in industries of the city, the chamber at Springfield, Massachusetts, has issued a booklet presenting the titles and catalog numbers of books on merchandising and selling which are accessible at the city library. The chamber provided for the entire expense of issuing and distributing the booklet. The city librarian selected the titles included in the list of books. Assurance is given that the library will try to obtain additional books as desired.

City Managers Issue Yearbook

THE TENTH yearbook of the City Managers' Association is now obtainable from the office of the executive secretary, John C. Stutz, Lawrence, Kansas. The yearbook presents the history, growth and accomplishments of the city manager plan. There are seven articles on city administration by city managers in Canada, New Zealand, and the United States. Included also

BAKELITE

TRADE MARK REG. U.S. PAT. OFF.

THE MATERIAL OF A THOUSAND USES

Here is a partial list of products made from Bakelite

"The Material of a Thousand Uses"

Airplane propellers
Ammeter cases
Anti-friction bearings
Ash receivers
Attachment plugs
Automobile door handles
Automobile lock parts
Billiard balls
Bookkeeping machine parts
Bowling balls
Brake linings
Brush-holder insulation
Buttons
Cable terminals
Calendar frames
Camera cases
Candlesticks
Cane handles
Carbon brushes
Castanets
Casters
Check protector parts
Cigar and cigarette holders
Clock cases
Clutch facings
Commutators
Condenser cases
Containers for liquid
Crank handles
Dash pots
Dental lamps
Distributor heads (ignition)
Door handles and knobs
Earrings
Electric drill parts
Electric piano controls
Electric sign parts
Fan bases
Fire extinguisher shells
Fishing reels
Fountain pens

A better material for you, too

HUNDREDS of manufacturers in widely differing lines, with every facility for careful research and test, have found in BAKELITE a material that has made possible higher standards of quality, while frequently effecting substantial manufacturing economies.

The two uses here illustrated—radio and automobile ignition—are merely representative of the many purposes for which BAKELITE has been selected as the material that best meets all requirements.

Known chemically as phenol resin, but sold under the trade mark "BAKELITE," it is made in many different forms, such as molding materials, varnish, cement, lacquer, enamel; in sheets, rods and tubes, and in transparent form.

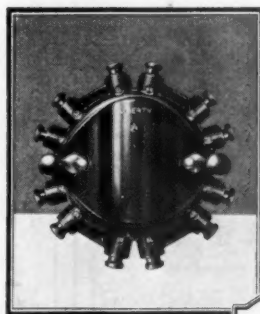
Our engineering department will be glad to confer with manufacturers who are interested in discussing the possibilities of BAKELITE for their own use.

Send for our illustrated booklet

BAKELITE CORPORATION

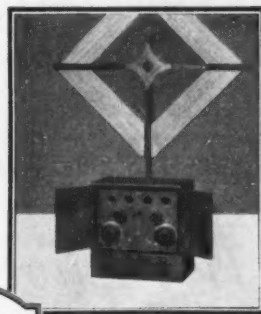
247 Park Avenue
New York

636 West 22nd Street
Chicago



Only equipment that will pass the most rigid tests is used on the U. S. Army planes, now on their great globe encircling adventure. That is why Bakelite insulation protects the

Delco
IGNITION



In radio apparatus the quality and dependability of the insulation are matters of supreme importance. Bakelite is, therefore, the chosen insulation for the panels, dials, sockets and other parts on all

De Forest
Radiophones

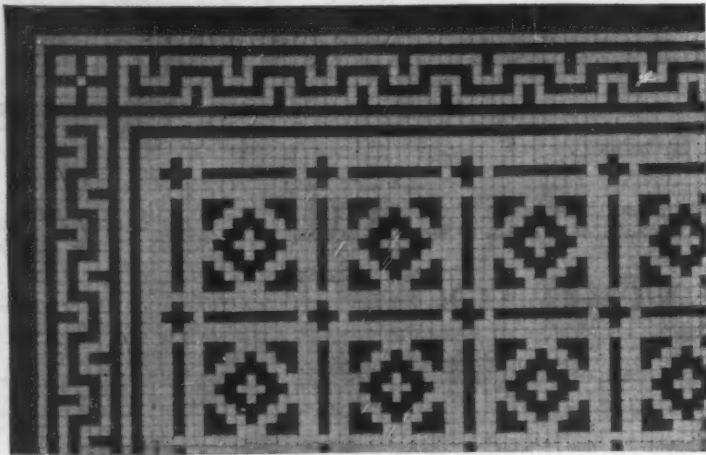
Here is a partial list of products made from Bakelite

"The Material of a Thousand Uses"

Fuse blocks
Gasoline tank caps
Gear shift balls
Gears; camshaft, oil and pump, for automobiles
Goggles
Gun butt plates
High tension insulators
Ignition coil cases
Ignition insulation
Ignition timers
Instrument boards
Instrument cases
Instrument handles of all kinds
Insulating panels
Insulation washers and bushings
Knife handles
Lamp sockets
Lock parts, automobile
Magnet spoons
Magneto gears
Mandolin keys and bridges
Mechanical games
Mechanical piano parts
Meter covers and bases
Motion picture machine parts
Music roll ends
Necklaces
Ozonizing apparatus
Paper weights
Pen handles
Pencil barrels
Pendants
Percolator handles
Phonograph motor parts
Phonograph records
Photographic trays



NORTON FLOORS



CERAMIC MOSAIC TILE NOW MADE WITH NON-SLIP SURFACE

Alundum Tile is now being made in the ceramic mosaic sizes $\frac{3}{4}$ " square and 1" hex and in colors, brown, buff, gray, green, salmon, and white.

Alundum Ceramic Mosaic Tile may be used exclusively or in combination with vitreous or glazed tile, thereby attaining a non-slip ceramic mosaic floor.

Ideal for the edge of swimming pools, shower baths and washrooms, behind lunch and soda fountain counters, in restaurants and for store entrances.

Like the other Norton Floors Alundum Ceramic Mosaic Tile takes its name from Alundum abrasive. The use of this hard, tough abrasive so well known as the abrading element in Norton Grinding Wheels gives to the tile a surface that is durable and practically slip-proof.

NORTON COMPANY WORCESTER MASS.

New York

Chicago

Detroit

Philadelphia

Hamilton, Ontario

T-102

From Charles W. Eliot

President Emeritus of Harvard University

"I hope that Mr. Barnes' book entitled 'The Genius of American Business' will be given the largest possible circulation by the Chamber of Commerce of the U. S. A. It states in a convincing way the principles on which business should be conducted, and supports those principles with solid facts in great variety."

are the proceedings of the tenth annual convention of city managers in Washington, D. C., and a directory of cities with city managers, their managers, and the salaries paid as of March 15, 1924.

Conference on Cost Accounting

THE PROCEEDINGS of the second conference on uniform cost accounting, held in New York City under the direction of the Department of Manufacture of the Chamber of Commerce of the United States, are now available in a printed report. The conference was in session two days, with an attendance of two hundred and fifty representatives of American industries. Cost accounting systems were discussed with reference to the following industries: Baking, paper, printing and printing inks, tanning, cotton finishing, corrugated boxes, rubber, fresh milk, and tent and awning.

The conference approved the plan for uniform cost accounting presented by the Department of Manufacture. The merit of the plan is established by its successful application to many industries. Uniform cost accounting may now be accepted by any industry, the department believes, with every assurance of satisfactory accomplishment.

The report is obtainable from the Department of Manufacture, Chamber of Commerce of the United States, at 25 cents a copy.

New Offices Opened at Wausau

THE NEW offices of the chamber at Wausau, Wisconsin, include an auditorium, a room for meetings of directors and committeemen, and a tourist bureau. A permanent exhibition of manufactured products is a feature of the new offices. Represented in the displays are twenty-five manufacturers. Each manufacturer in turn has the use of a large front display window for a week at a time. The opening of the new offices was celebrated with the chamber's annual banquet.

Discussions of Retailers' Expenses

GROUPS of retail merchants are being interested by some of the local chambers of commerce in meetings for discussion of their costs of doing business. These group discussions are being based on "Retailers' Expenses," published recently by the Domestic Distribution Department of the National Chamber, and are for the purpose of facilitating the interchange of ideas and experience with regard to expenses.

Letters have been sent to retailers in Manchester, Connecticut, by the Manchester chamber, emphasizing the value of giving an evening's discussion to each expense item dealt with in "Retailers' Expenses." To quote from the letter, "These meetings will give us the double advantage of getting closer together as merchants of the same town should, and also the opportunity to study and discuss our business problems and methods amongst ourselves, when each may learn something from the other."

The same plan is to be followed by the chamber at Herkimer, New York. Gale S. Nice, the secretary, writes: "I should like to take up each one of these expense items at a meeting of our retailers, have some one of the men who has given it special study, and who is a fairly good speaker, go over it with the men and lead the discussion."

The Mena (Arkansas) Commercial Club intends to conduct similar discussions among retailers.

Ordinarily there is difficulty in getting some retailers to install modern accounting methods, inventory methods and other improvements. These discussions should increase interest in watching expenses and should lead to the adoption of more standardized accounting systems.

Providence Chamber Entertains

FIRST-HAND information on business conditions in the important commercial countries of the world was made available to the business men of Rhode Island through the enterprise of the chamber at Providence. The chamber's foreign trade committee and the cooperative bureau

of the United States Department of Commerce arranged a one-day conference between manufacturers and exporters, and representatives of the department.

Among the speakers were Grosvenor M. Jones, chief of the finance and investment department of the Bureau of Foreign and Domestic Commerce; Lynn W. Meekins, New England district manager of the Department of Commerce; Henry M. Morse, chief of the specialties division; Walter H. Rastall, chief of the industrial division, and R. A. Lundquist, chief of the electrical equipment division. Business men also had opportunity for informal discussion of their problems with the government representatives. The program included a luncheon and a dinner for the speakers, and a smoker in the evening.

Dinners for Oklahoma Teachers

THE BOYS and girls of Oklahoma should receive their education in Oklahoma's schools and colleges, believes the chamber at Oklahoma City. To give expression to its belief the chamber arranged a series of dinners for teachers in the state educational institutions. The dinners are intended to provide opportunity to acquaint the citizens with the available educational facilities, and to commend them to wider use.

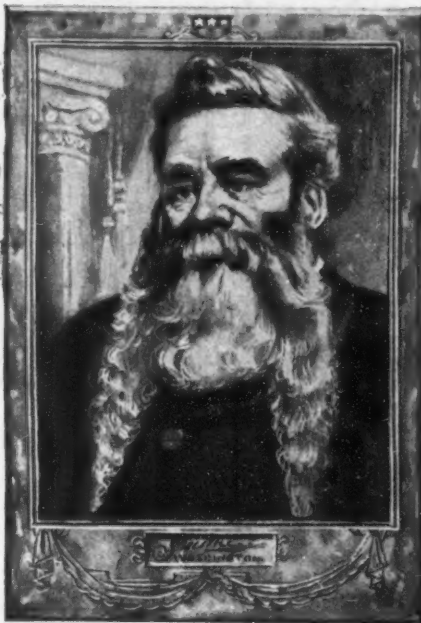
Oregon Wants More Tourists

THE OREGON State Chamber of Commerce believes in advertising, and just by way of testifying to that belief it gave a luncheon in Chicago for the passenger traffic managers and the advertising agents of twenty-two railroad systems, together with representatives of Chicago newspapers and newspaper syndicates. The luncheon gave the chamber opportunity to present the outstanding tourist attractions of Oregon. All the food, and even the water, for the luncheon was brought from Oregon.

Coming Business Conventions

Date	City	Organization
June 1.....	French Lick, Ind.	American Pharmaceutical Association.
2.....	Lancaster, Pa.	National Cigar Leaf Tobacco Association.
2.....	San Francisco	Pacific American Steamship Association.
3.....	San Francisco	American Wholesale Coal Association.
3.....	San Francisco	Association of Operative Millers.
4-6.....	Boston	National Foreign Trade Council.
6-7.....	New York	National Association of Mutual Savings Banks.
7.....	Rochester	American Cider and Vinegar Manufacturers Association.
9-12.....	Asheville N. C.	National Fertilizer Association.
10.....	Kansas City, Mo.	Southwestern Coal Operators Association.
10-13.....	Buffalo	National Association of Credit Men.
11-18.....	Atlantic City	Railway Supply Manufacturers Association.
12-13.....	Chicago	National Hardwood Lumber Association.
15.....	Pittsburgh	Western Glass and Pottery Association.
16-19.....	Los Angeles	National Association of Retail Grocers of the United States.
16-20.....	Des Moines	National Saddlery Manufacturers Association.
16-20.....	New York	Retail Credit Men's National Association.
16-20.....	Des Moines	Wholesale Saddlery Association of the United States.
18.....	Louisville	Middle States Textile Manufacturers Association.
17-20.....	Washington	National Association of Sheet Metal Contractors of the United States.
3d week.....		Associated Manufacturers of Electrical Supplies.
23-27.....	Colorado Springs	National Association of Building Owners and Managers.
23-26.....	San Francisco	National Retail Hardware Association.
24-26.....	Pittsburgh	International Stamp Manufacturers Association.
24-26.....	W. Baden, Ind.	National Association of Master Plumbers.
24-26.....	New York	National Ornamental Glass Manufacturers Association of the United States.
24-27.....	Chicago	National Retail Tea and Coffee Merchants Association.
25-27.....	Atlantic City	American Association of Nurserymen.
30-July 3.....	Milwaukee	American Electro-Platers Society.
30-July 2.....	Cedar Point, O.	National Macaroni Manufacturers Association, Incorporated.

TAKING WHISKERS AT FACE VALUE



It may be conceded that many a brave heart has beaten behind a bicaudate beard, but who will say that a moss-covered Adam's apple is either a thing of beauty or necessarily a joy forever?

When men of high attainments were willing to wear such whiskers as are shown here it was customary to make covenants under cover. Now bewildering entanglements are out of order, and open spaces openly arrived at lend character to ambassadorial countenances.

Daily shaving has, in fact, become an established habit among men who recognize the great importance of looking their best.

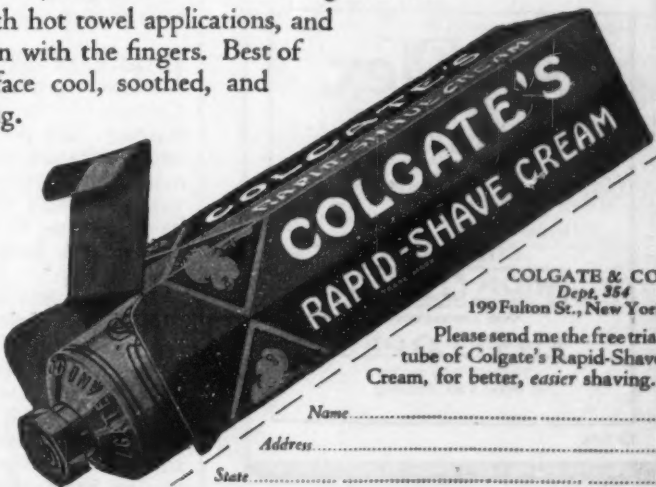
COLGATE'S Rapid-Shave Cream

softens the beard at the base—where the razor's work is done

You can shave easily and quickly, no matter how heavy your beard may be, if you will lather with Colgate's.

It does away with hot towel applications, and needs no rubbing in with the fingers. Best of all, it leaves the face cool, soothed, and velvety after shaving.

Let us send you a free trial tube containing cream enough for 12 more comfortable shaves than you have ever had. Just fill out and mail the coupon.



COLGATE & CO.
Dept. 354
199 Fulton St., New York

Please send me the free trial tube of Colgate's Rapid-Shave Cream, for better, easier shaving.

Name.....

Address.....

State.....

Chips from the Editor's Work Bench

A few of the 5,000 who send letter and printed matter under the same cover



THE reason for the increasing use of Du-Plex and Mon-O-Post Envelopes is simple. Printed matter **MUST** be read.

Du-Plex and Mon-O-Post Envelopes with one compartment for your catalog or booklet travelling under Third-Class mail and another for your letter travelling under First-Class mail, **GET** printed matter read. They place sales letter and printed matter before the prospect **at the same time.**

Du-Plex and Mon-O-Post Envelopes save time, effort and selling expense. They eliminate waste of expensive printed matter. And they give you just what you are looking for—more sales through the mails.

An enlightening booklet on direct-by-mail selling is yours for the asking. Just write for "Suppose This Were Your Catalog."

Du-Plex Envelopes, in stock sizes and in average quantities, are sold by many leading stationers. If you cannot secure them locally write direct to "Mailing Information Headquarters."

DU-PLEX ENVELOPE CORPORATION
363 South Sixth Street, Quincy, Illinois
"Mailing Information Headquarters"
Twenty-four Branches in Metropolitan Centers



Du-Plex
2-in-1
ENVELOPES

Pat. U. S. A. May 20, 1919, Oct. 9, 1923, Feb. 28, 1924. Pat. Canada Sept. 30, 1919. Other Pats. Pending

COLUMBIAN
(MON-O-POST)

TWO COMPARTMENT
ENVELOPES

Patented July 19, 1921
Other Pats. Pending

© 1924

FOR MORE SALES THROUGH THE MAILS

MASTER plumbers are to meet in West Baden for their annual convention. In that small Hoosier model of an earlier Baden are springs famed for their medicinal properties. Perhaps the plumbers will be able to wash away workaday cares in the pleasant waters of this western spa, but it does seem that the mechanical adjuncts of the springs may tempt expression of professional interest. When the expert eye lights upon nature's bubbling fountains will it not see possibilities of new-fangled contrivances for harnessing the flow?

If the plumbers are hard pressed to make holiday they might celebrate the tremendous exploit of Adam Thompson, maker of the first American bathtub. December 20, 1842, was an eventful day for Mr. Thompson, for Americans in general and plumbers in particular. On the morning of that day Mr. Thompson



filled his tub, a coffin-shaped masterpiece of solid mahogany. He had his moment to decide, and then he took the step that forever plunged us into the power of plumbers. Oh, what a splash was there, my countrymen! Then you, and I, and all of us fell in! Mr. Thompson was at the very center of the disturbance, but ripples of excitement stirred the whole country. Imitators were told their names would soon disappear from city directories—all sorts of dread diseases were seen in the watery depths of bathtubs. Legislation was passed against bathing, and taxes were levied against using city water for bathing. Three years after the installation of the first bathtub, Boston made bathing unlawful except on the advice of a doctor.

In our time hotels advertise "every room with bath," and even the most unpretentious home now has adequate bathing facilities—all because of the 20th of December, 1842, the birthday of the American bathtub. Hail to the intrepid Thompson. He made the splash heard round the world. Let every true plumber salute his memory in a flowing beaker of *aqua pura*—a draft in character with the filling of the pioneer bathtub. And why not a rollicking song, preferably with liquid notes? A flowing tub can invite as much music as a flowing bowl.

FOR FIFTEEN years John Henry Boyce has been a motorman on the lines of the Chicago, South Bend & Northern Indiana Railway. His post at the controller gave him opportunity to study his fellow-men. He made keen appraisals of life. His conclusions were confirmed by time and experience, and he now passes them on to street railway employees in a booklet—"A Motorman's Message to You."

At some time in his experience he discovered that the electric railway officials were not such a bad lot—"they are giving their very selves to the electric railway industry," he says. As for the men, he knows and understands their trials and troubles. The cab of his car carried him to much practical and reasoned wisdom. He came to believe that we have got to pay the price for all that

we get, and that although some men seem to get very much through trickery, luck, or falsehood for the small price they pay, "Some time and somehow they shall have to pay the price." There is vigorous counsel in character with the work he knows best—"Keep your mind on the job, your eyes on the track ahead of you . . ." and "You are the dispatcher of your own career over the railroad of time. . . ."

Certainly a motorman's cab is an excellent and mobile eminence for the study of man—a sort of observation platform for the viewing of life. And what's in a title? Motormen belong to the peripatetic school of thought and like as not, a street car would run as well for having "Philosopher" on the motorman's caps. Who can appraise the ripe wisdom held back by those pasteboard dams, "Do not talk to the motorman?"

PURVEYORS of foods seem to have begun a concerted drive on the American stomach. Everywhere is invitation to eat more, accompanied with lusty trumpeting over the merits of various forms of nourishment. The campaign is enlivened with many slogans, each emphasizing the importance of some one food. The eye sees and believes the advertisements, but the works of the stomach are not always equal to the faith of the eye. Stomachs have not yet been standardized, and a considerable irregularity of performance is still to be expected.

Not everyone is in step with the "eat more" campaign—it is time "for calling a halt to the growing procession of slogans that pretend to bring new panaceas for health and nutritive well-being to mankind," says our colleague, the editor of the *Journal of the American Medical Association*. Modern labor-saving machinery and means of transportation, he explains, have lessened the expenditure of physical energy in the world's work and play—a condition that should reduce food requirements. But it would seem that any gain in leisure is to be absorbed in eating.

Continual practice, perhaps, may develop a nation of epicures. It is unthinkable that our flair for invention will not ease new bur-



dens of the internal economy. We are educated to the convenience of interchangeable parts for machines. What is there strange in equipping ardent trenchermen with stomach "spares?" Well, if food corporations are to wheedle us into lives of gluttony, let us look to our waistcoat buttons and, if need be, die gamely with our stomachs on.

STORES on wheels, motor stores, stores at residence doors, are now serving Detroit housewives. In that city a company that operates a chain of eighty stores has turned to the "mototeria" to increase its sales. Some weak links were discovered in the chain-store plan. Although business is good—and profits are good—the company finds that the chain store is penalized for its success by an increase of rents and of competition in the immediate locality of its stores. Also, the company finds that its stores do not reach



Lack of paper information caused this loss of time, money and material

ROUTED through many hands, the Sulphite Paper upon which a Manufacturing Order was typed, became slightly torn at the end of a crease. It was frayed and torn just enough to render indistinguishable a new specification. In the hurry of things someone assumed the order to be identical with others that had preceded it.

Had the Specification Chart been consulted in this instance, it would have told at a glance that Sulphite Paper is not recommended for Manufacturing Orders, or for other forms requiring more than average handling.

There are more than one hundred and twenty-five (125) different prices at which bond paper may be bought. The public is expected to take this price range as indicative of a like number of bond paper grades. And in these grades the public is expected to exercise a choice between more than six hundred (600) brands!

Is it any wonder that some men have sought to simplify paper buying? And, as in all instances where definite knowledge is not available, to arbitrarily take the extreme corrective step of selecting some one grade to serve widely different purposes.

Over five years ago the American Writing Paper Company foresaw the futility of making paper as paper rather than as a means of accomplishing certain definite purposes.

As the largest makers of high grade papers in the world, this company then began the task of simplifying and standardizing the manufacture and distribution of paper.

A multiplicity of bond paper grades was eliminated. In bond papers nine grades are now produced. These nine grades of bond paper scientifically and economically cover the entire field of bond paper requirements.

Each of these nine grades of Eagle-A Bond Paper is produced on a quantity basis and reflects all the consequent economies of mass production and volume purchasing power. This is your assurance of buying paper at the right price.

In the accompanying Specification Chart these nine grades of Eagle-A Bond Paper are grouped under three master classifications and are further sub-divided according to the specific use for which they are produced. This is your assurance of buying the right paper for the purpose.

Each of the nine Eagle-A grades, which scientifically and economically cover the entire range of bond paper requirements, may be identified by the Eagle-A Watermark. Each Eagle-A Bond Paper should be specified by name. This provides the individual buyer with the right paper at the right price.

Eagle-A Bond Papers are obtainable through your Printer, Lithographer, Engraver or Stationer.

Supplied upon request is a Portfolio containing samples of Eagle-A Bond Papers, with further suggestions covering their suitability for your use.

AMERICAN WRITING PAPER CO.
Makers of Eagle-A Bonds, Linens, Ledgers,
Covers, Book Papers and Announcements
Holyoke, Mass.

THE SPECIFICATION CHART OF BOND PAPER USES

Each of these nine grades of Eagle-A Bond Paper is produced on a volume basis, with all the resulting economy in manufacture and distribution.

The Controlling Factors in the use of all Bond Papers

	PERMANENCE	STRENGTH	HANDLING	TEMPERATURE	Sulphite Paper
Coupon Bond	1	2	3	4	
Agawam Bond	1	2	3	4	
Perman Bond	1	2	3	4	
Contract Bond	1	2	3	4	
Airpost Bond	1	2	3	4	
Cherwood Bond	1	2	3	4	
Acceptance Bond	1	2	3	4	
Norman Bond	1	2	3	4	
Telephone Bond	1	2	3	4	

Chief uses of paper in modern business

	1	2	3	4	5	6	7	8	9
Letterheads	1	2	3	4	5	6	7	8	9
Invoices	1	2	3	4	5	6	7	8	9
Statements	1	2	3	4	5	6	7	8	9
Checks	1	2	3	4	5	6	7	8	9
Drafts	1	2	3	4	5	6	7	8	9
Notes	1	2	3	4	5	6	7	8	9
Purchase Orders	1	2	3	4	5	6	7	8	9
Contracts	1	2	3	4	5	6	7	8	9
Receipts	1	2	3	4	5	6	7	8	9
Inter Dept. Letters	1	2	3	4	5	6	7	8	9
File Copies	1	2	3	4	5	6	7	8	9
Acknowledgments	1	2	3	4	5	6	7	8	9
Price Lists	1	2	3	4	5	6	7	8	9
Mortgages	1	2	3	4	5	6	7	8	9
Deeds	1	2	3	4	5	6	7	8	9
Stock Certificates	1	2	3	4	5	6	7	8	9
Policies	1	2	3	4	5	6	7	8	9
Inventory Forms	1	2	3	4	5	6	7	8	9
Requisitions	1	2	3	4	5	6	7	8	9
Mfg. Orders	1	2	3	4	5	6	7	8	9
Receiving Reports	1	2	3	4	5	6	7	8	9
Stock Reports	1	2	3	4	5	6	7	8	9
Time Slips	1	2	3	4	5	6	7	8	9
Memo Slips	1	2	3	4	5	6	7	8	9
Reference Booklets	1	2	3	4	5	6	7	8	9

KEY TO ABOVE CHART

1—Extra First Choice 2—First Choice 3—Second Choice 4—Third Choice 5—Fourth Choice, suggested only where low price is more important than quality.

*Recommended for Office Lithography.
Four factors are considered in the above classifications: (a) Appearance, (b) Long Life, (c) Printing qualities, (d) Probable handling (in office, in mail and at destination). First choice provides maximum protection; others a slight sacrifice of one or more of the factors.

Coupon Bond A strictly First Grade, Animal Sized, Sheet Cut, Hand Hung, Pole Loft Dried Paper of superbly impressive appearance, made from new white hard rags. Will retain its strength and color indefinitely and withstand much abuse. Has the rich cockled surface, the clear bright color, and the feel of the crackles found only in the very highest class of Bond Paper.

Made in White and Six Colors.
Agawam Bond A High Grade, Animal Sized, Sheet Cut, Hand Hung, Pole Loft Dried Paper, containing a very high percentage of the best new rags. Clear white in color, of impressive appearance and is designed for general use where a very substantial paper is desired, has great resistance to wear and extreme long life.

Made in White only.
Perman Bond An Animal Sized, Sheet Cut, Hand Hung, Pole Dried Paper of High Rag-content, having much of the appearance of the higher grade bonds. Will last for a generation and withstand repeated handling. A popular paper which combines quality-appearance with moderate price.

Made in White and Three Colors.
Contract Bond An Animal Sized, Sheet Cut, Hand Hung, Pole Dried Paper of substantial Rag-content with high factors of long life and resistance to wear; has a smooth finish, lies flat, and is particularly adapted to high speed Printing and Office Lithography.

Made in White and Eight Colors.
Airpost Bond An Animal Sized, Fustoon Loft Dried, Rag-content Paper with the strength and rich appearance usually found in papers priced much higher. Because of its Quality-appeal and its moderate price, it is considered where economy is a factor.

Made in White and Six Colors.
Cherwood Bond An Animal Sized, Sheet Cut, Pole Loft Dried Rag-content Paper of strength and quality equal to ordinary requirements. It has the maximum of opacity found in Bond Papers, lies flat, has a smooth finish and is made especially for high speed Office Printing and automatic machine feeding.

Made in White only.
Acceptance Bond An Animal Sized, Air Dried in the web, Rag-content Paper with a rich surface appearance, and of clear white color. Has the requisite quality to withstand handling and resist deterioration. Its low price and wide range of colors make it in great demand for large edition work on Forms, Circulars, Letters, etc.

Made in White and Seven Colors.
Norman and Telephone Bond are Sulphite Pulp Papers, Machine Dried, and are recommended to be used for temporary purposes only. Made in White and a wide range of colors adapted to Factory and Office Forms. Norman Bond is a No. 1 Sulphite Grade. Telephone Bond is a No. 2 Sulphite Grade.

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Closing The Books

Use the Date that Suits You Best

Habit is a wonderful saver of mental effort. But too close adherence to habit in business limits efficiency by shutting off initiative.

This is particularly true in the adherence of general business to the habit of following a fixed date for closing the so-called "fiscal" year.

The best date for closing the books and preparing financial statements for the "fiscal" year is when business is in its most liquid condition—when bank loans and other liabilities are lowest, accounts receivable reduced, and, especially, when the inventory is at a minimum.

The most logical date for closing *your* "fiscal" year is that time when *your* business is logically over for the twelve months—when stocks are lowest—when prices are normal—when selling is not being forced—when you are not buying heavily—when profits can be most accurately determined—when your accounting department is not working nights, or your bank is not burdened with December 31st reports. In other words, close *your* books when *your* business is most naturally through with the rush of *your* year, when proper time and attention can be given, and your public accountants can serve you best.

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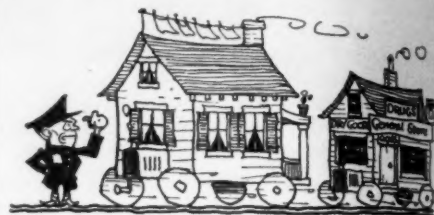
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the woman who cannot—or will not—come to the chain store and carry home her own groceries—especially flour, potatoes and other bulky things. The heads of the concern have put their heads together, and now say that mobility is the solution of all their problems.

The mobile store provides a selective C. O. D. system under centralized management. Customers save 12 to 15 per cent on their purchases from the "mototeria," according to the company's statement, exclusive of the saving in telephone calls amounting to four or five cents an order. Stock is now turned 75 to 100 times in contrast to the 12 to 15 times of the average stationary store of the company. In addition to groceries, the motor stores carry druggists' sundries, and orders for meat are taken for delivery the day after receipt. A pick-up service for laundry bags is also available to customers. Postage stamps



are sold in vending machines. Sales of groceries have amounted to \$1,000 a week, with a daily maximum of \$285.

Long have circulating libraries given us food for thought. And now comes the circulating store with cans in lieu of books on its shelves—but with packages of breakfast foods to make a sort of cereal story. And why not circulating homes? Just fancy one of those little stucco bungalows hitting a traffic cop in living up to its quick lime!—a sort of plaster cast on the arm of the law. More power to the better homes movement!

AMERICA is beyond all other countries the land of happy, pleasant homes—not apartments, not rented homes, not mere picturesque cottages, but real homes, owned by those who live in them, says Professor Ely, of the University of Wisconsin. Home building in this country has been greatly facilitated by building and loan associations, he believes. At the latest report, more than 10,000 local associations were in operation and their assets exceeded \$3,300,000,000. The associations are joined in a league, of which Miss Ann E. Rae is the president—a post in character with woman's importance as a home maker.

Outstanding in the promotion of home building are the States of Pennsylvania, with associations reporting assets of \$624,000,000 on January 1; and similarly, Ohio, with assets of \$564,000,000; New Jersey, \$360,000,000; Massachusetts, \$225,000,000; Illinois, \$200,000,000; and New York, \$155,000,000. Significant of the growth of building and loan associations throughout the country is the remarkable record of Niagara Falls, a city of 60,000 inhabitants. The Niagara Falls Permanent Savings and Loan Association, of which Miss Rae is also the president, now has assets of nearly \$8,000,000, and more than 12,000 members. For several years, so the record reads, there has been no foreclosure—and "no member has ever lost his home because of nonpayment of dues."

To build more homes is to build a greater nation. In the home is the love of liberty nourished, and by home lovers has this country been protected in every national peril. No

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home. T
willingly
will fight
any man

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worthy

other shelter can quite take the place of the home. To establish its security men have willingly made the supreme sacrifice. A man will fight for his home. Whoever heard of any man fighting for his boarding house!

IN LABORATORIES throughout the world patient men are trying to come to the secrets of nature through the medium of chemistry, and to those men chemistry speaks a various language. Chemistry is a willing servant in the advancement of art, science, and industry, but it has also turned to a terrible scourge in time of war.

So it is that chlorine is become a sort of Dr. Jekyll and Mr. Hyde among the elements. It is widely used as a bleaching agent and for other peace-time jobs, but it got a bad name during the war for its devilry in the poison gas. Now chlorine is under trial at the Edgewood Arsenal for the treatment of colds. Air is charged with chlorine gas and breathed for an hour by patients. The treatment has impressed medical journals. One of them sees "public inhalariums" where patients may have their chlorine at their ease. Exclusive colds could establish a sort of coryza hour for the lazy sniffing of their chlorine. Common colds could stick their noses into chlorine wherever the cure offered.

Ether also gets into print for its power to perk up plants. The plants take the ether by inhalation or by injection. Roses have been hustled into blooming long before nature's allotted time. Other plants showed growths equally remarkable. The ether seems to bring out all the dormant possibilities of the plants treated. Along with the rapid growth of roses in the fumes came an immunity to diseases that usually attack the plants.

But if gardeners get to tinkering with hypodermics will they stop at tubers and goobers? In emergencies little gardeners might be quickly made into big gardeners—but where is the youngster who would give up an ice cream cone for an ether cone? But it is worth something to know that chlorine will break a cold. Up and atom, chlorine! Bust our colds, but not our bronchi!

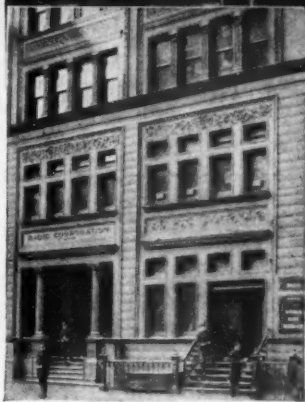
WOMEN who lend their ears to radio programs are likely to lend their pens to an appraisal of the things they hear. In Great Britain programs have been revised to meet the wishes of women listeners. Women who do housework all day and care for large families seem to relish a change from their usual prosaic round of responsibilities, and they have so informed British broadcasting companies. Their letters indicate a desire for talks on literature, music, and politics. Probably cooking recipes, gardening formulas, and domestic economy suggestions are tiresome to women who have put in a hard day at the wash board or the kitchen stove, and doubtless the good housewives are rather nettled when they hear bookish women telling them how to run their homes.

In Canada the story is not quite the same. There the settlers in isolated communities have welcomed talks on agriculture received by radio. The practical information is welcomed because it has a direct application to farming enterprise and because it helps break the loneliness of life on remote farms. With the talks also come concerts and news of the day. The selling of radio sets is an important business in Canada. Of the 100,000 receiving sets in operation, about 60,000 are owned on farms. The number of sets in Manitoba, Saskatchewan and Alberta is especially noteworthy. Canada now has thirty-eight broad-

RADIOGRAMS



Battery of transmitters, operating room, Radio Corporation of America Building.



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How to send a Radiogram: In New York, San Francisco or Washington, phone for an RCA messenger. In other cities, use the nearest Postal Telegraph office to send a Radiogram to Europe. Use the nearest Western Union office for Radiograms to Japan and Hawaii. To any country—and to passengers on ships at sea—be sure to mark every message



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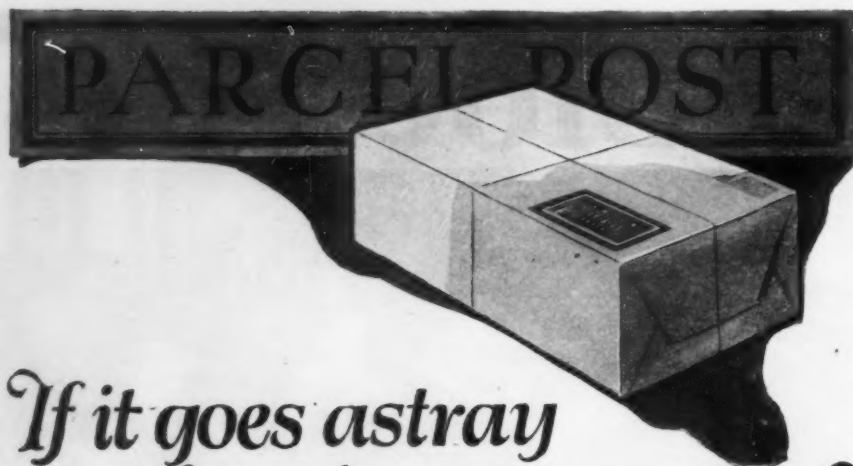
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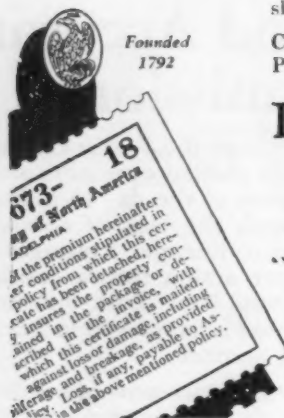


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Those responsible for Family welfare have always had these things at heart, but today are studying them with a deeper interest than ever, and the budget idea is getting recognition.

Make a trial of the JOHN HANCOCK FAMILY BUDGET AND ACCOUNT SHEET, which you may have for the asking, also additional sheets, as needed.

A month's trial will help you. A few months' trial will convince you that the Budget helps you to make the most of your income.

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Widmer guarantees the maximum cost of the building and you pay only one reasonable charge for the complete service.

Submit your building program to us, or a representative will call without obligating you.

"Let Widmer Build It"

casting stations, and more than \$2,000,000 invested in receiving sets.

The radio companies do well to please the feminine ear whether it be in Britain or in an overseas dominion. Now to hear what comes of all the urging of Britannia to rule the waves. A turn of the hand rules the wave in the hair and the wave in the air—possibly there's no more trickery in the dots and dashes of a code set than in the knots and meshes of a hair net.

COLLEGE life should give equal benefits to all students, whether they are members or non-members of fraternities, believes Herbert Congdon, architect and fraternity officer. A modern university presents the problems of city planning—it has a "factory district" with its class rooms and laboratories, a "park system" to give the proper setting for the buildings, and a residential district. The typical segregation of fraternity houses does not appeal to Mr. Congdon, nor does he approve of "mere barracks" for the non-fraternity men. Individual dining rooms should be included in each dormitory, rather than a "huge commons" for the use of students, he thinks.

Perhaps it would be better, as Mr. Congdon suggests, for all the students to eat their meals "under proper social conditions, in small dining rooms where hospitality may be developed, conversation as a fine art encouraged and where the daily meals may be made a social delight."

A pleasant picture Mr. Congdon sketches—the future captains and corporals of industry commingling in happy fellowship—the young "barbarians" lying down with the young "Greeks," so to say. The mixing of the two groups should be made easier by reason of the restaurants outside the campus. A profitable communion with Homer is possible in one of the transplanted *cafés* of his countrymen. In a savory stew might be found the very essence of Greek roots. And no student need ever be on the anxious seat when eating with Greeks—"ros' bif" is a universal countersign to loosen all tongues.

Cooperation by Executive Order

AMERICAN luncheons are likely to become more frequent in the four corners of the earth, by executive order of the President of the United States.

Nothing less than a presidential proclamation could have had such an effect. Servants of the United States have multiplied abroad. They are alike in being upon the payroll that is met from the public treasury, to which we all contribute. This connection with a common source through pay checks, however, has frequently been the only relationship they acknowledged, one to the other.

The gentleman who was looking into the ways of hogs or the possibilities of marketing prunes claimed allegiance only to the Department of Agriculture, and would scarcely speak to a gentleman, likewise interested in markets for prunes, who wore the insignia of the Department of Commerce. And the gentleman from the Department of State at times formed and demonstrated poor opinions of the employes of all other departments. As for all three sets of public servants working together and pulling in the same direction—well, it sometimes happened, but not often.

Of the situation the President has taken cognizance. He has ordered that every two weeks all these representatives of the Government who engage in promoting trade and who are in a city like Naples, Tokio, or Buenos Aires, are to meet, tell each other what they are doing, and learn to pull together.

P-A-X

TRADE MARK

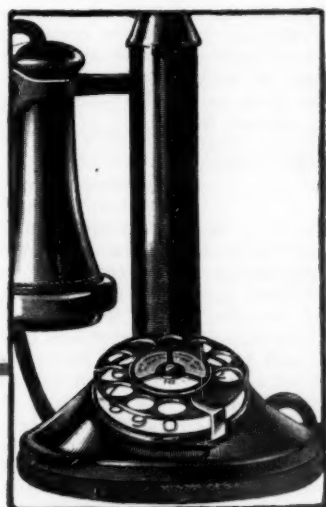
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As a result, in a one-week's sales program \$1,111,400 in securities were sold to meet an objective of \$1,000,000.

Are YOU the man in YOUR town that believes it needs a new and modern hotel? Every one of the sixty hotels financed by this corporation was at one time but a vision of some one man; a civic leader.

Are YOU that man in YOUR town? If you are, ask us to place your name on our list "C-6" so that you may receive each month a copy of THE HOTEL FINANCIALIST, a journal devoted to community-financed hotels.

It tells how other cities have met THEIR hotel problems. It's sent gratis to readers of THE NATION'S BUSINESS.

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Recent Federal Trade Cases

PRICE competition on staple items of stationery has been greatly decreased and prices to the consumer have been unreasonably advanced, charges the Federal Trade Commission in issuing a complaint of unfair competition against a national association of stationers and manufacturers, and twenty-two local or sectional associations. The members of the several associations, according to the complaint, dominate the manufacture and the wholesale and retail trade in stationers' goods in the United States. The complaint alleges that there is a combination entered into and continued with the purpose, intent and effect of discouraging, stifling, and suppressing competition in interstate commerce in the wholesale and retail trade in stationery goods, and of unfairly hampering and obstructing competition, and of enhancing the prices of stationery goods.

In explaining the methods alleged to have been used by the associations in the furtherance of their purposes, the commission says, a commission representative of the dealers prepared and distributed lists of standard resale prices on staple items of stationery goods, and that manufacturers of stationery goods were induced to adopt the recommendations of the commission as their list prices.

Charges are also made that manufacturers were induced to increase their list prices and to enlarge the trade discounts of retailers; that competing manufacturers were induced to standardize and make uniform net prices on various staple items of stationery, and to fix and maintain resale prices on their items; that encouragement was given to the adoption of methods of calculating the costs of conducting a retail stationery business with the effect of inflating and standardizing the inflation of the retail costs as a basis for the gross margins to be obtained and the resale prices to be recommended; that false and derogatory statements were circulated among the trade and among consumers concerning the goods and the business methods of competitors who refused to adopt the commission's prices and undersold the retailer members of the affiliated associations; that information in aid of the enforcement of the alleged unfair policies was collected and disseminated, and that retailers not in harmony with the associations' policies were excluded from membership.

FOUR Philadelphia concerns selling furniture at retail are cited for unfair methods of competition in separate complaints issued by the commission. The complaints allege in each instance that the firms use various false and misleading statements in advertising matter to the effect that their customers in buying from them deal direct with the manufacturers, thereby saving the middlemen's profit.

MONOPOLY and unfair competition in the film industry are the basis of an order issued against a manufacturer of photographic film, a laboratories association, its members, and an individual representative of the company. The order is based on an agreed statement of facts filed by the parties in the case and marks the close of the commission's case of alleged unfair competition. The order requires the parties to discontinue conspiring to restrain competition in the manufacture and sale of positive raw cinematographic film stock and to cease to maintain and to extend the monopoly of the company in the distribution and sale of the film stock in interstate and foreign commerce.

The commission found, it says, that the com-

pany had a substantially complete monopoly of positive cinematographic film and an absolute monopoly of the manufacture of negative cinematographic film in the United States. In its conclusion of fact the commission asserts that it was the purpose and intent of the company from February 15, 1911, when it entered into business relations with the agent of a foreign film manufacturer. Through those relations, the commission asserts, the company obtained the substitution of its own positive film for that of the foreign company to the extent of 40,000,000

feet a year, to maintain its monopoly in the manufacture of positive film and the monopoly in the sale of the film which it possessed in conjunction with the agent of the foreign company, and this purpose was manifested through the actions of the agent as the undisclosed representative of the American company. In that capacity he became the nominal

owner of three laboratories for the manufacture of positive prints. The three laboratories were conveyed to the company at cost, says the commission, and the company announced that it would begin the manufacture of positive prints. This announcement, coupled with the openly declared ownership of these three laboratories, constituted an effective threat of overpowering competitive force before which the association's members promptly capitulated, to use the words of the commission.

The members of the laboratories agreed among themselves, so the commission reports, to use only American-made positive film which was a disguised recognition of an acquiescence in the American company's positive film monopoly and by the execution of this agreement and the communication of its terms to the American company, the persons, firms, and corporations signatory and those who subsequently ratified it by their conduct, unwillingly became parties to the conspiracy to maintain and extend the monopoly of the American company in the manufacture and sale of positive film and to restrain trade in the positive film, previously conceived and operated by the American company and its undisclosed representative.

With the surrender of the members of the laboratories association of competitive selection in the positive film which they used, the object of the conspiracy was obtained, the commission concludes, competition in the manufacture and sale of positive film stock was practically eliminated and the monopoly of the American company in the manufacture and sale of positive film stock was effectively maintained.

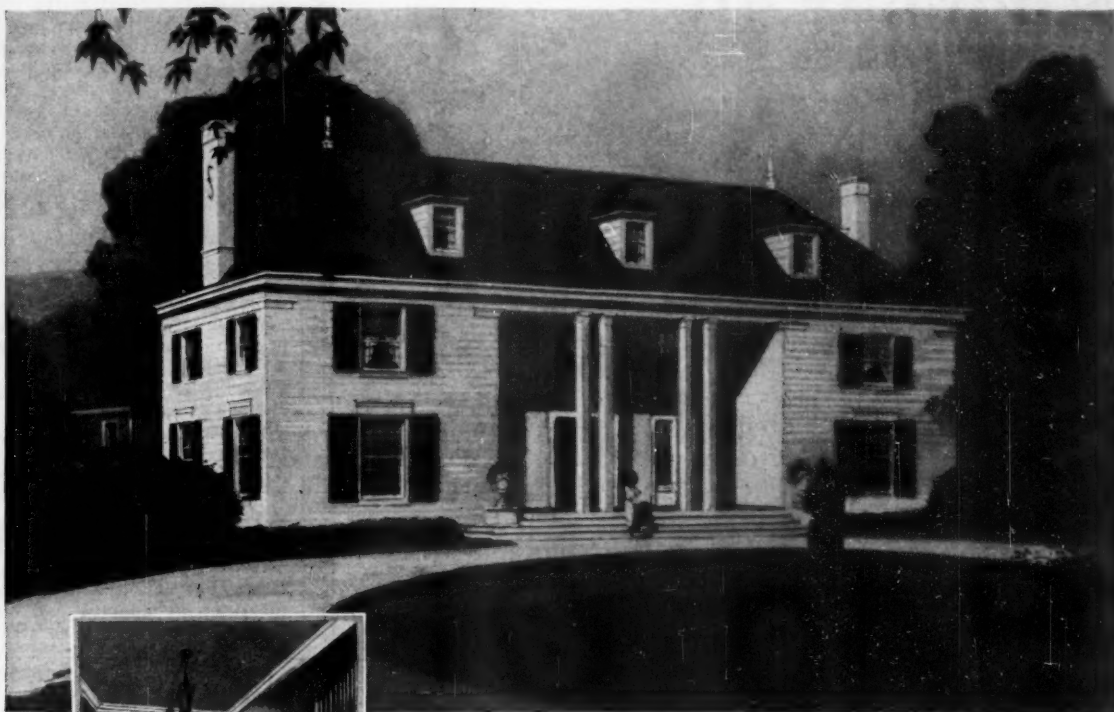
ASO-CALLED traffic and service bureau, its officers, directors, and subscribers, and a publishing company, both of Minneapolis, are cited in a complaint that charges unfair methods of competition in the marketing of coal.

The service bureau is a Minnesota corporation, the complaint states, and is engaged in carrying out the purposes, objects and activities of a retail coal dealers' association, for which purpose the members of the association caused the bureau to be incorporated in 1915. The association thereupon disbanded, the commission says, and the service bureau took over its activities and functions. The subscribers of the bureau numbering approximately 1,800 are in large part retail coal dealers doing business in the states of Minnesota, North Dakota, South Dakota, Iowa, Nebraska, Missouri and Kansas. A considerable number of the bureau's members operate "line yards"—that is, a number of retail coal yards

THIS article outlines some of the charges, findings and orders issued by the commission in consideration of complaints proceeding from trade practices in connection with:

Butter Substitute
 Coal
 Coffees and Teas
 Cosmetics
 Films

Furniture
 Music Rolls
 Paints
 Silver Plate
 Stationery



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BEAUTIFUL WOODWORK
without High Cost

—and you may have it in exactly the color and finished surface you like best.

Arkansas Soft Pine Satin-Like Interior Trim furnishes a base for white enamel, tint enamel or painted effects, which you can use with confidence and live with in contentment. Old Mother Nature herself gave this beautiful wood its rare, fine texture, close grain, and well-balanced absorbing qualities. Enamel applied to this wood actually becomes a part of the wood itself. Consequently it does not crack, check or chip off, nor is there any tendency in the wood to discolor the enamel or mar its smooth surface.

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 Our new de luxe book has just
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 twelve well-designed homes,
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What's it all about?

The growing of grain, the raising of cattle, the logging, the building, the transporting, the churning of turbine, the turning of factory wheel, the stir and rush of high-pressure selling, the steady consuming of goods—what's it all about? What does it mean? What, in plain between-you-and-me language, does it all mean?

Julius H. Barnes will tell you in his new book (obtainable from NATION'S BUSINESS at \$1) *why* the volume product of our industries from 1900 to 1920 increased 95% while our population increased less than half that much; *why* the farm has less and less to do with the nation's stomach; he will show you the real philosophy of American business; he will *paint pictures in your mind* of the infinite romance in American business.

Is it worth \$1 of your money and two hours of your time

to get all this? "The Genius of American Business," published by Doubleday, Page & Co. and sold at \$1 per copy by NATION'S BUSINESS, Washington, D. C., will give it to you. Willis H. Booth, V. P., Guaranty Trust Co., New York, thinks so and says so, "Biggest dollar's worth I know of. Read three chapters and book is so interesting I am taking it on board ship with me Saturday to read on the way over."

It is commended by Charles W. Eliot, President Emeritus of Harvard University; Silas H. Strawn of Chicago; A. B. Farquhar of York, Pa.; Samuel Vaucrain, President of the Baldwin Locomotive Works, and others. Edwin C. Gibbs of Cincinnati says, "I shall place 'The Genius of American Business' among the prized volumes in my library."

The book is planned for the busy man. Each chapter is brief and gets to the point quickly. The type is clear and easy to read. The book *fits your pocket*. The price is \$1, and a copy will be sent to you postpaid on receipt of that amount.

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To the NATION'S BUSINESS
Washington, D. C.

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6-24

operated under one ownership or management. Of this class there are about 100 who operate retail coal yards in more than one state.

The publishing company publishes a trade journal. According to the complaint the subscribers to this journal are in large part retail coal dealers located in the states covered by the service bureau, who are qualified as "legitimate" dealers under the definition promulgated by the service bureau. The complaint alleges that the object of the publishing company and its publication among others is to prevent wholesalers, producers of coal and others from selling coal to consumers or dealers not qualified as "regular" dealers as defined by the bureau in its efforts to prevent the sale of coal except to "regular" dealers.

Cooperative means and methods were used, the complaint charges, to prevent wholesalers of coal from selling in the territory served by the respondents direct to consumers or to any other persons not retail dealers in coal, as qualified under the designations of "legitimate" or "regular" dealers as defined by the bureau. It is also alleged that the purpose and effect of the cooperative methods were to enable the local dealers in their respective communities to control the price of coal to the consumer without interference from outside competition.

UNFAIR methods of competition in the marketing of a butter substitute known as "Nucoa Nut Margarine" are charged against a New York concern. The complaint alleges that the company adopted and maintained the practice of entering into contracts for the sale of its products for resale at various points within the United States and has fixed prices on the condition, agreement or understanding that the purchaser shall not deal in similar products of a competitor; and that the effect of those sales or contracts for sales and agreements of that character is substantially to lessen competition and tend to create a monopoly in the territories where the contracts are operative.

The company, the complaint further alleges, employs a system of maintaining certain specified standard prices at which its product shall be resold by wholesalers or jobbers to retailers and by retailers to the consuming public. In order to obtain the cooperation of dealers and effect the maintenance of its resale prices, it is said to have used the following practices: causes it to be generally known to the trade, by letters, telegrams and other means that it expects and requires wholesalers, jobbers, and retailers handling its products, to enforce and maintain its resale price schedule; solicits, invites and obtains from wholesalers, jobbers, and retailers handling its product, reports as to the failure to maintain its prices by other wholesalers, jobbers, and retailers; requests and directs its customers, and orders and requires its salesmen and other employees, to investigate and report price-cutting by wholesalers, jobbers and retailers handling its product; refuses to sell its product to those dealers who refuse to observe and maintain its established resale prices; follows other equivalent cooperative methods to maintain its established resale price system.

A CHICAGO company engaged in the manufacture of music rolls for player pianos has been ordered to discontinue certain business practices which the commission found, it says, to be unfair competition in violation of the Federal Trade Commission Act, and to discontinue the use of contracts contrary to the Clayton Act.

The practices condemned by the commission are: the maintenance and enforcement of a fixed standard resale price plan in cooperation with dealer customers and others, and the entering into agreements for the fixing of prices charged for its products, or discount from or rebate upon such prices subject to the condition that the customer shall not deal in a competitor's product.

The company, according to the commission's findings, used various cooperative methods in enforcing its plan of standard resale prices at which its player rolls were to be sold by dealers. Among the methods, says the commission, was

the obtaining of reports from its customers of the names of competing dealers who sell its rolls for less than the resale prices named by the company in its catalog. Reports of that nature were also received from the company's salesmen and agents, the commission asserts. Upon the receipt of the reports, the commission says, it was found that the company brought pressure to bear upon the offending dealers in an effort to compel them to restore, observe, and maintain the fixed resale prices on its rolls.

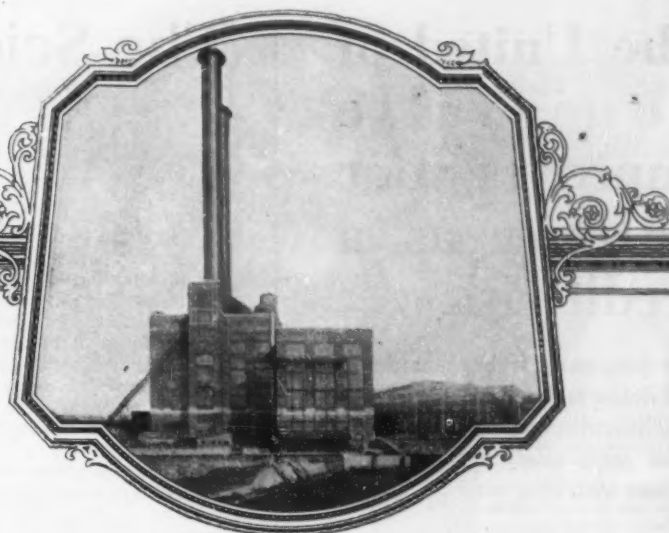
THE LABELING and branding of the products of two manufacturers of paints, with their principal offices in New York City, is questioned by the commission. A lead compound labeled "Gold Seal White Lead," sold by the concerns, does not contain more than 1 per cent of sulphate or carbonate of lead, the commission charges, in its complaint, explaining that the term "White Lead" is commonly used by the trade and the general public to designate sulphate of lead or carbonate of lead.

The complaints allege that the labeling and branding of the concerns' products in the manner described has a tendency to mislead and deceive the trade and the public into the belief that sulphate of lead or carbonate of lead is in point of quantity the principal ingredient in the concerns' products, when it is alleged that as a matter of fact neither of those compounds of lead is the principal ingredient.

OBTAINING the support and cooperation of wholesale and retail dealers in coffees and teas is charged against a concern with plants at Boston and Chicago. A number of methods alleged to have been used by the concern in establishing its price plan are enumerated in the complaint. Among the methods are: entering into agreements, understandings and arrangements with dealers for the maintenance by them of the concern's resale prices as a condition of opening accounts or of continuing the supply of the concern's products; the refusal further to supply dealers who refuse to abide by its standard prices until they have given satisfactory assurances that they will in future observe and maintain the set prices or will refrain from selling the concern's products to dealers who do not observe and maintain those prices.

ENFORCEMENT of price maintenance systems is charged against two manufacturers of cosmetics, one in New York City and one in La Crosse, Wisconsin. The commission complains that the New York firm in cooperation with dealers handling its products adopted and maintained a system of fixing certain specified uniform prices at which its products shall be resold. The complaint recites numerous alleged methods used by the firm in the enforcement of its price system, among which are: soliciting and obtaining from dealers reports of failure of other dealers to observe and maintain its resale prices; employing its salesmen and other agents to investigate and obtain information as to the failure of any dealer to observe its resale prices, and using other equivalent cooperative means and methods for the enforcement of its system of resale prices. The complaint against the La Crosse concern makes similar charges.

EIGHT New York concerns selling silver-plated ware are cited in separate complaints charging unfair methods of competition. The complaints allege in each instance that the concerns caused to be stamped on silver-plated ware the words "Sheffield," "Sheffield Plate," and other designations containing the word "Sheffield" which they offered for sale to the public. The silverware so stamped, it is alleged, was not manufactured in Sheffield, England, and is not of the quality which has been associated with the terms of Sheffield Silver and Sheffield Plate. The complaints further allege that such use of the word "Sheffield" is confusing and misleading, and creates an undue preference for the product so stamped, to the detriment of competitors who refrain from using such terms in the marketing of their products.



CONFIDENCE

IN soliciting the services of a construction company the client must have confidence not only in that company's abilities but also in its *financial competency* to assume the entire responsibility of the project.

Thirty-five years of experience in the industrial world, plus a recognized financial stability, places this organization in a position to complete any obligation it assumes.



THE U·G·I·CONTRACTING COMPANY

Philadelphia, U. S. A.

Builders of

FACTORIES

--

POWER PLANTS

--

BRIDGES

GAS PLANTS

--

PUBLIC WORKS

The United of Louisville improves your debtor as a credit risk

How frequently it happens that a good dealer is lost to you through unskillful collection methods. You cannot with safety resume credit relations with him after an adjustment.

The methods of the United of Louisville are constructive. Our procedure with a debtor includes helpful instruction in the law of credit

For this reason your debtor prefers to have his claims handled by the United of Louisville and he responds to our methods more quickly than to individual pressure because he has learned, either from observation or actual contact with us, that our procedure is helpful to him as well as to his creditors.

Handling regularly, as we do, the overdue accounts of more than four thousand of the country's leading manufacturers and distributors brings to our hands nearly all of the claims that will be outstanding against a debtor. That enables us to intelligently assist his "come-back," to get him out of the debtor and back into the dealer class more quickly—a better business man and a safer credit risk.

We believe that procedure of this kind will appeal to your business judgment and secure for us the opportunity of demonstrating its effectiveness for you. Send us your overdue accounts.

UNITED MERCANTILE AGENCIES

Louisville, Kentucky

United Building

Collectors for Manufacturers
and National Distributors



The Science of Public Opinion

Reviews of Two Recent Business Books

NO LESS a writer than Herodotus himself, it is said, took pay for promoting the trade and tourist traffic of ancient Athens. Press agents, as such, were on the job even when the agents of Moses came back from the Promised Land, boosting its real estate to the home-seekers of Israel.

But here in roaring, sensation-mad America, the art of arousing public interest got its greatest impetus: first the freak advertising stunts of the old-time advance man, whose actress boss was regularly robbed of the pearls a Shah had given her; then the smoothly efficient publicity man and his trained staff, using press and poster, film and radio, to broadcast the true story of a political party, a trade association, or an industry of national scope.

But population grows, and competition is keener. In the days of Greeley, Beecher, and Barnum, there were fewer people; public opinion was easier to mold. Now, with teeming millions, countless tons of printed matter, and the rapid growth of groups—each led by its own thinkers—it is less and less easy to draw America's attention to any one man, movement, breakfast food, or automobile. To this very trend was largely due the rise of class publications, trade journals, and our amazing list of trade associations. But, useful as these are in their own fields, the tremendous complexity of modern life calls for still another agency—a medium that may not only explain a man, movement or a product to many different national groups, but that may detect and interpret changing group opinion to the profit of the man, the movement, or the product concerned.

Edward L. Bernays' New Book

THE NEED for such a medium, we are now told, is met in the rise of a new profession. Its members are not press agents, nor are they mere publicity men. They are much more, says Edward L. Bernays in his book, "Crystallizing Public Opinion" (Boni and Liveright). This new super-publicity man should really be called a "counsel on public relations," asserts Mr. Bernays. And, we read, one of his chief functions is to smooth out misunderstandings between his client and the public. To put his client or his client's aims or products in the right light, he must, of course, depend largely on established means of contact with the public—that is, the press, posters and the pulpit, the film, the radio and the lecture platform.

On the other hand, he may often help his client most by first finding out for himself and then warning his client of changes in public taste, opinion and prejudice. "The best examples," says Mr. Bernays, "of the increasing importance of public opinion to industries which till recently scarcely concerned themselves with the existence or nonexistence of a public opinion about them, are those industries which are charged with a public interest. . . ."

Keeping Public Favor

QUOTING the *Railway Age*, he says the most important problem our railways must solve is that of selling themselves to the public. "Some public utilities maintain public relations departments whose function it is to interpret the organization to the public, as much as to interpret the public to them. . . . The New York Central, for example, studies the public and tries to discover where the railroad's service can be improved, or when wrong or harmful impressions on the public mind may be corrected." Even the noncompetitive New York subway, it is pointed out, makes constant, costly effort to keep itself before the people in the most favorable aspect.

Political parties, cabinets, even governments, must influence public opinion to gain their ends. "Thus Lithuania, while it had the love and support of its own people, was in danger of extinction because it was unknown outside of the immediate boundaries of those nations which had a personal interest in it. Lithuania was wanted by Poland; it was wanted by Russia. It was ignored by other nations. Therefore, through the aid of a public relations expert, Lithuania issued

pamphlets, it paraded, it figured in pictures and motion pictures and developed a favorable sentiment throughout the world that in the end gave it its freedom."

When the U. S. Radium Corporation wanted to educate the public on the importance of early radium treatments for incipient cancer, it founded the First National Radium Bank in order to create and crystallize the impression that radium is and should be available to all physicians. At the suggestion of their public relations counsel, certain great metal-producing companies, wishing to do more business, set out to educate the public on the importance of brass and copper to civilization.

Peculiar Factors to Consider

IN THE daily work of this public relations expert, "one client is advised to give up a Rolls-Royce car and to buy a Ford, because the public has definite concepts of what ownership of each represents; another man may be given the contrary advice. A client owning a restaurant is advised to withdraw the hat-check privilege because it causes unfavorable comment. Another is advised to change the facade of his building to conform to a certain public taste. This shows the range of public relations."

"Americans were once wont to jest," says Mr. Bernays, "about the dependence of France and Switzerland on the tourist trade. Today we see American cities competing, as part of their public relations programs, for conventions, fairs and conferences. . . . the Governor of Nebraska told advertising men that publicity had made Nebraska prosper."

Competition for public favor, among those with something to sell, is grown so keen, we read, that the seller "must either himself appraise the public mind and his relation to it or he must engage the services of an expert who can aid him to do this. He may even consider, for instance, in his sales campaign not only the quality of his soap but the working conditions, the hours of labor, even the living conditions of the men who make it."

More than ever, it seems, business must reckon with public opinion. And, more than ever, business seeks to set itself before the public in a good light. In this delicate task calling for expert knowledge of the herd, of mob psychology and intolerance, the counsel on public relations finds his field.

"The very fact," says *The Fourth Estate*, "that many of the largest corporations in the country are recognizing the need of maintaining right relationships with the public is alone important enough to assure a fair and even favorable hearing for their public relations departments. . . . But whether a man is really entitled to the appellation 'counsel on public relations' or whether he should merely be called 'publicity man' rests entirely with the individual or firm that hires him. As we see it, a man who is really counsel or director of public relations has one of the most important jobs on the roster of any concern."—F. S.

Making Business Advancement Sure, by William Marvin Jackson. Frederick A. Stokes Company, New York, 1924.

A job is a laboratory in which daily tasks are in the character of tests or experiments, Mr. Jackson believes. In his foreword, addressed to young people in business, to employers, and to students preparing to enter business, he makes it plain that the value of his book is to be derived only through practical application of the suggestions offered. A guide to thought and practice in the form of questions with related text is included as a part of each of the fifty chapters. A successful business career is founded on a mastery of the work that comes to the worker's hand day by day, and to help toward that mastery is the primary purpose of the book—"advancement is in the man—not the job."

When writing to UNITED MERCANTILE AGENCIES please mention the Nation's Business



Good Sash ~ Good Erection Must Go Hand in Hand

Satisfactory steel WindoWalls are a combination of good sash and good erection—one as important as the other.

No one questions the goodness of the Fenestra product for Fenestra was the first steel window in America and has always been a standard of excellence.

Fenestra installation service, though best demonstrated by actual performance, is vouched for by large builders who, in spite of their own able organizations, find it an economy to employ our experts, and who specify, with increasing frequency, "Fenestra Steel Sash, ERECTED."

There are excellent reasons why the Fenestra Construction Company (erecting department of Detroit Steel Products Co.), can save time and money on almost any steel sash installation.

To specify "Fenestra Sash ERECTED" is to centralize responsibility under one head. It insures particular interest, because the main responsibility of Fenestra erectors is the correct installation of windows. Being engaged constantly in one occupation, our men

are more skillful in this work than general contractor's men, however capable they are. The close alliance between our erectors and our factory organization provides an opportunity to synchronize the work. Erectors and sash arrive together—no lost time—no wasted money. And most important of all, your Erection Superintendent lives near you. His home and his office are where you can reach him quickly, and he is personally interested in making your local installation a credit to his territory.

This is the policy of close co-operation which Fenestra follows throughout all its field work. Every local Fenestra office (and they cover the United States) is equipped to give immediate layout, estimating and detailing service, follow shipments and take care of prompt erection, all without reference to the home office or factory.

This delegation of authority and responsibility makes the Fenestra office in your vicinity a complete unit with your interests identical with its own.

DETROIT STEEL PRODUCTS COMPANY, H-2244 E. Grand Boulevard, DETROIT
For Canada: Canadian Metal Window & Steel Products, Ltd., 160 River St., Toronto
Factories: Detroit, Toronto and Oakland

"Your erection man knows his business. We hope to have him on another job whenever we have one."—Burrell Engineering Co., Chicago.

"Your erection man gave us co-operation in every way satisfactory. This kind of service is unusual these days."—A. A. Albrecht Co., Detroit.

"We wish to express our appreciation of the character of men you had to install this work for us."—Phoenix Utility Co., New Orleans.

"We appreciate the class of work done by your men and their attitude toward other workmen."—Charleston Engineering Co., Charleston, S. C.

"I wish to compliment you on the type of workmen you sent us."—General Electric Co., Schenectady.

"We are not only pleased with the product, but with the excellent service your erection department gave us."—W. F. Nelson & Co., Memphis.

This Tells
You It's
Fenestra

Fenestra

The Original Steel WindoWall

WRITE FOR THIS FILM

This 15-minute film covers exactly the views you see on a two-day personal survey of Oakland, California. It shows

- representative plants of national firms
- outdoor sports in winter months
- airplane views of Oakland's 27-mile waterfront with direct loading from cars to ships
- great hydro-electric plants and oil refineries
- exceptional home conditions
- animated maps showing Oakland's central location in rich markets and extraordinary distribution facilities.

Advertisement No. 2

"INDUSTRIAL OAKLAND" [California]

tells a most fascinating, instructive, and arresting story—the story of the fastest growing industrial city on the Pacific Coast.

It is a story of significance to all business men and executives who are interested in Pacific Coast and Oriental markets.

Copies of this film are available for showing in your own directors' room, plant, luncheon club, or sales convention. We will send one to you without charge. We want you and your friends to know Oakland as it is.

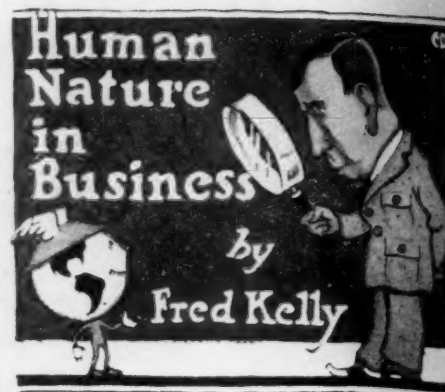
Wire or write for the first open date. May we ask that you do so at once as territorial schedules are now being arranged? Address

Industrial Department

CHAMBER of COMMERCE

OAKLAND, CALIFORNIA

"Bring Oakland to your plant and you'll bring your plant to Oakland!"



THE BELL Telephone Company has discovered that when people find it necessary to be careful they are almost sure to be more careful than is necessary. Suppose a man has been averaging 100 calls a month for a flat monthly rate of, say, \$6. The company changes its rates and tells him that hereafter for \$6 he is to have an allowance of only 90 calls; after that he must pay extra. What is the result? The man probably doesn't use even 90 calls the next month. Every time he goes to the phone he has it in mind that he must be careful. So anxious is he to keep within his small allowance that he doesn't make a single call without first asking himself if he could do without it.

A FEW years ago it looked as if every artificial gas company in the country were doomed to bankruptcy. People who had formerly lighted their homes by gas were all using electricity. But the gas companies went right on. The loss of the home lighting business compelled them to look about for a new field, and then they awakened to the possibilities of gas for industrial uses. Now great factories are operated by gas. Home lighting was only a scratch on the surface.

A similar thing happened to street and interurban railways. Automobiles and trucks put many of them out of business and threatened many others. But this forced them to learn such economies as one-man crews where once there had been two, and automatic fare takers at subway stations. What will happen to the phonograph business now seems speculative. Evidently the widespread use of radio instruments must have done injury to the sale of phonograph records. Yet my guess is that the phonograph companies will hit on a new use for their goods, or more economical means of manufacturing and selling them. There must be a clever way of making their business better than ever—if they can just think of it.

I WENT into a dining-room of a New York hotel to look for a friend who was just finishing dinner. Knowing that we would go in a minute or two, I placed my hat and coat on a chair at the same table. The head waiter instantly rushed up to know if I didn't wish to have it checked.

"No," I told him, "we're about to go, and by the time you get it checked I'll want it again."

But he was so insistent that it would be a pleasure to check it for me that I submitted rather than argue, paying him a dime for the "service." Then in a moment I went to the hat check place and gave the girl another dime to redeem my coat and hat. I was put to no little annoyance because the hotel manager, through his agents and accomplices, was

Who are our 150,000 Subscribers? They are executives in 88,016 Corporations*

In these corporations the magazine is being read by the following major executives:

Presidents.....	37,671
Vice-Presidents.....	17,064
Secretaries.....	16,465
Treasurers.....	7,983
Partners and Proprietors.....	9,180
Directors, Chairmen of Boards, Comptrollers, General Counsels, Superintendents and Engineers.....	6,437
General Managers.....	11,875
Department Managers (Branch—Purchasing—Sales—Export, Etc.).....	11,227
Major Executives.....	117,902
Other Executives.....	8,931
Total Executives.....	126,833
All other Subscriptions.....	23,151

If this audience represents a market for your products, we shall be glad to give you complete advertising details

The NATION'S BUSINESS
Washington, D. C.

*Figures based on a complete investigation of all subscribers in twelve cities

When writing to OAKLAND CHAMBER OF COMMERCE please mention the Nation's Business

determined to give "service." What I am curious to know is how much more service is given in business for the good of the proprietor and his employees than for the customer?

"WHEN I take a man and his wife out to try to sell them a home," says a real estate man—I mean, *realtor*, "and they become wildly enthusiastic over every detail of the house, the chances are ten to one that they will never buy it. All their talk about this thing and that being 'perfectly dear' is just to keep the conversation going and cover up the fact that they don't like it or think it too high priced. But when a man begins to find fault with the things about the house and asks me if I don't think the house ought to have parquet floors at the price asked, I take hope. He's perhaps getting ready to drive a bargain and doesn't want me to know he likes the place as well as he does."

THAT recalls the perspicacity of a real estate man who, when about to rent a house to a woman, noticed three alterations of street addresses on the collar of a dog accompanying her. This he took to mean that she had moved three times within the brief lifetime of one pup. He feared she might prove to be a fly-by-night tenant, and he didn't rent the house to her.

"PEOPLE do not realize the importance of appearing early in the alphabet in certain lines of business," a theatrical manager told me. "Everything else being equal, I would rather have a play in the Astor Theater than at the Zanzibar Theater—if there were such a place. When a man looks at the list of theaters on his hotel bulletin board the first ones he sees are those beginning with A. If a short name, all the better; it's easy for him to remember. Moreover, a short name costs him less every time he has it used in electric lights at his front entrance."

THAT makes me think of the story about the man named Zimmerman who failed to get his wages on pay day because by the time the foreman got to him on the alphabetical list they had run out of money. He resigned, but returned the following week under the name of *Aarons*.

MANAGERS of a department store were asked to pick out their best salesman, that others might study his methods. They looked up their records and picked a man, but an investigation of his methods quickly showed that he was only a mediocre salesman. True, he had sold more than anybody else in his department, but this was because he had the heavy expense of a sick wife and consequently unusual incentive to work hard for more commissions. While he sold a lot of goods he did it with wasteful expenditure of his energies. Several other salesmen sold almost as much as he did with only about half the effort. As Frank Gilbreth says: "The ideal man to learn methods from is one so lazy that he works barely hard enough to avoid being fired."

LAST year the head of a big shoe manufacturing plant tried to make various savings and reduce the total time required to manufacture each pair of shoes. Most of the foreman said this couldn't be done. They were working at high speed already.

"Well," suggested the big boss, "do you suppose we could clip off a second from the time a shoe is on each different machine?"

They made that one second saving their

Go Down Cellar!

And Look at Your Washing Machine. If it is a recent model you are likely to find that certain parts which a few years ago would have been iron or aluminum castings are now "pressed from steel instead."

For instance—we studied for The Gainaday Electric Company the possibilities of pressed steel for their wringer-housing. Our engineers developed a pressed steel wringer-housing which had eight distinct advantages over the cast aluminum housing it replaced:



- | | |
|-------------------------|--|
| 1. 20% saving in cost | 6. Greater similarity of parts |
| 2. Increased production | 7. Absolute uniformity |
| 3. Greater strength | 8. Elimination of costly machining operations. |
| 4. No breakage | |
| 5. Smoother finish | |

"Press it from steel instead"



Unretouched photograph of the aluminum housing that was replaced by pressed steel.



Unretouched photograph of Pressed Steel Wringer Housing that gained eight points of saving for the GAINADAY Wringer.

Your product may not be similar to a washing machine but the advantages of "pressing it from steel instead," may be just as great or greater for you. There's an easy, costless way to find out.

The Way We Go About it

You're interested. You tell us so, perhaps sending a sample part or blue-print.

When convenient for you one of our consulting engineers goes to your plant for consultation. He knows pressed steel redevelopment from A to Z. He belongs to our highly trained staff of redevelopment pioneers. He works with facts. He has helped put through scores of successful redevelopment jobs on a great variety of problems. He gives you the benefit of knowledge gained through years of specialization in redesign.

Behind him is a great modern plant located in the heart of the steel district with complete facilities for producing most intricate pressed steel parts—large or small.

He studies your problem in this way:

1. Can the cast parts used in your product be pressed from steel instead?
2. If not, can they be redesigned to permit pressing from steel instead?
3. Would pressing from steel instead create any advantages in the product and secure savings in production and shipping?

If pressed steel will *not* be useful he frankly tells you so and you are in no way obligated.

If he finds pressing from steel instead *will* be an advantage to you our engineering department immediately undertakes the

development of the replacement.

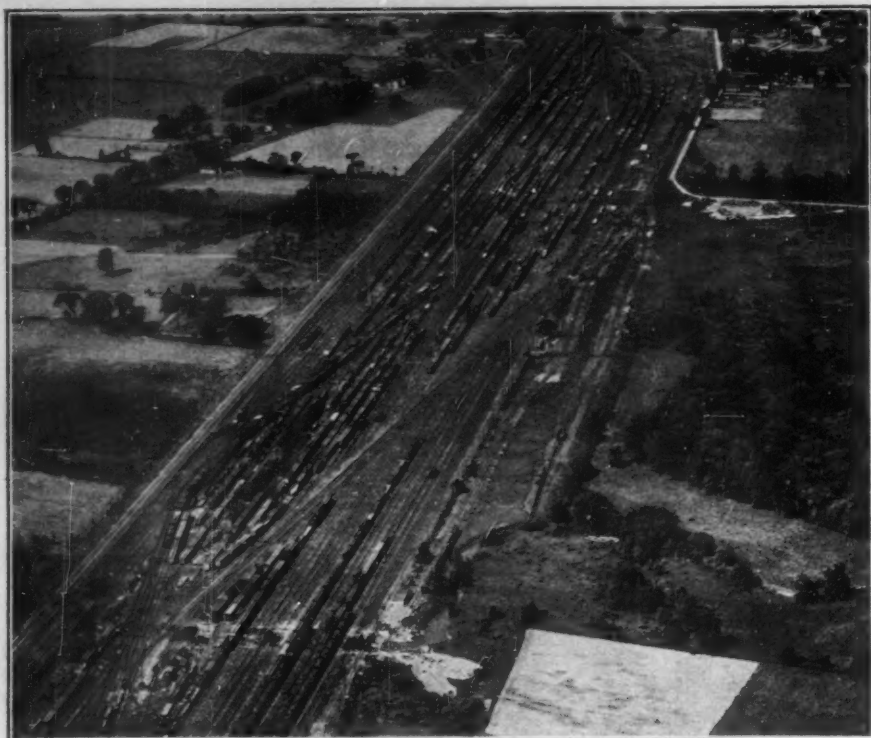
Drawings of proposed designs are submitted without obligating you.

On your approval, our force of die-makers and press men start the actual work of pressing it from steel instead for you.

This unusual service is at your disposal NOW.

THE YOUNGSTOWN PRESSED STEEL COMPANY

Pioneers in Pressed Steel Redevelopment
Warren, Ohio



New York Central Yards at East Syracuse, N. Y.

Photo by Fairchild Aerial Camera Corp.

RAILROAD BONDS for Far-Sighted Investors

"A country develops as fast as its railroads"

The purchaser of a good railroad bond does more than add a high-grade investment to his holdings—he helps speed the country's development.

New issues of well-secured railroad, equipment and terminal bonds offered by The National City Company may be found on our monthly list of recommended bonds. You may be interested to know that this same list is consulted by thousands of banks. Would you like to have a copy? We will gladly mail one upon request.



The National City Company

National City Bank Building, New York

You will find offices in more than 50 leading cities in the United States, Canada and abroad.

BONDS

SHORT TERM NOTES

ACCEPTANCES

THE SHALCROSS COMPANY
QUALITY KALCO
PHILADELPHIA, U.S.A.
Send TODAY for our latest price list
THE SHALCROSS COMPANY
Ribbons and Inks for the Multigraph Multi-Color Mimeograph Neostyle Address-O-Graph Typewriters, Etc.
1458 Grays Ferry Rd. Philadelphia, Pa.

DO YOU WANT TO SELL IN NEW ENGLAND?

We have sold \$2,500,000 worth of goods in New England in 2½ years. We want agency of reliable manufacturer of high-grade staple product; with sole New England rights. Have large warehouse facilities.

If 100% New England distribution is desired, write, phone or telegraph O'MALLEY, Rooms 28-29, Globe Building, Boston, Mass.

MAIN and COMPANY

Accountants and Auditors

PITTSBURGH HARRISBURG
NEW YORK PHILADELPHIA

HUMAN ENGINEERING

Railway Audit and Inspection Company, Inc.

Fourth and Chestnut Streets
PHILADELPHIA

goal and of course succeeded. Almost anybody can save a second, can't he?

The total number of seconds thus saved had a value, so I am assured, of nearly \$100,000 a year!

THEY were showing educational motion pictures in a big factory. Tests were made to learn how long it took the average employee to read from the screen fifty words of text. This disclosed an interesting fact. There was such a difference between the mental activity of the smart ones and the dull ones that if they gave the slower-witted ones all the time they needed, the more intelligent men would become bored over the delay. Then somebody had a bright idea. They flashed on the screen this sentence:

"If you don't understand anything, ask your foreman afterward."

That compelled each foreman to pay close attention lest he be embarrassed by questions he couldn't answer.

STATEMENT of the Ownership, Management, Circulation, etc., required by the Act of Congress of August 24, 1912, of The Nation's Business, published monthly at Washington, D. C., for April, 1924.

City of Washington, District of Columbia, ss. Before me, a Notary Public, in and for the City and District aforesaid, personally appeared Merle Thorpe, who, having been duly sworn according to law, deposes and says that he is the Editor of The Nation's Business, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations, printed on the reverse of this form to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business manager are: Publisher, Chamber of Commerce of the United States, Mills Building, Washington, D. C.; Editor, Merle Thorpe, Mills Building, Washington, D. C.; Managing Editor, J. W. Bishop, Mills Building, Washington, D. C.; Business Manager, J. B. Wyckoff, Mills Building, Washington, D. C.

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Sworn to and subscribed before me this 24th day of March, 1924.
(Seal) LACEY C. ZAPP
(My commission expires September 20, 1927.)

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THE NATION'S BUSINESS

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**Business, Government and Agriculture
European Readjustment
Responsibility and Integrity of Business**

Discussed by

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The British Ambassador
Julius H. Barnes
Gen. Herbert M. Lord
George T. Buckingham
Basil Miles
Dr. W. M. Jardine

Secretary Wilbur
The Belgian Ambassador
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*A Report of the Twelfth Annual Meeting of the Chamber of Commerce
of the United States and of the Accompanying Group Meetings*

Complete Table of Contents on page three



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The NATION'S BUSINESS

VOLUME 12, NUMBER 7

JUNE 5, 1924

A Magazine for Business Men



Business Speaks With One Voice

By ELMER MURPHY

IT IS difficult, if not hazardous, to attempt to epitomize all that is said and done at a meeting of upward of two thousand business men drawn together from the far corners of the country, many of them the spokesmen for hundreds, or even thousands, of other business men.

Yet the twelfth annual meeting of the Chamber of Commerce of the United States was such a meeting and it cannot be accounted for by a multiplicity of motives or diversity of purpose. Mere gregariousness will not bring an exporter from San Francisco, a manufacturer from Portland, Maine, and a cotton planter from Mississippi half way and more across a continent to meet some two thousand other men whose only similarity of interest lies in productive industrial enterprise.

Nor will so large a number foregather merely to listen to addresses by the British Ambassador, the Belgian Ambassador, the Secretary of Commerce, the Secretary of the Navy and others who have to do with affairs vaguely described as public.

Obviously so heterogeneous an assemblage could be brought and held together only by a common and single purpose which is not the sum total of individual interests but the attribute of business, in the aggregate, itself.

The physical fact of the meeting of such a number of business men, even to discuss problems more or less alike which many of them encounter in widely varied fields of activity, however important, is not unusual. Such meetings are held every day. But that there should be evolved a way of thinking, a sense of common obligation, a national business consciousness that is becoming more and more articulate, taking it out of the category of mere productive enterprise and bringing it elbow to elbow with government and science and diplomacy is one of the things that could have happened only yesterday and could have happened in no other way.

The striking fact of the Cleveland meeting was not that it was large or small but that it will, at least in retrospect, probably mark pretty clearly the dividing line between the time when numbers counted and the time when the formulation and clarification of this new American industrial philosophy shall count as a standard for the measurement of the business progress reflected in these gatherings.

"We are passing," said Secretary Hoover, in his address to the convention, "from a period of extremely individualistic action into a period of associational activities."

It might be said, after a survey of the Cleveland meeting, that this phase of organization is nearing completion. The process of associating, of coming together, is about done. The associations are developing their identity and setting themselves to their specific tasks.

It is certain, at least, that the business man or merchant of the old school who was sufficient unto himself and regarded his business

as his own affair alone, has departed into the mists of the past. It has come to be taken as a matter of course that those who are engaged in the same industry or in similar industries shall meet on the ground of a common experience. But there is nothing reducible to a bookkeeping formula to account for the gathering at the Cleveland meeting of so many men of so many pursuits from so many different sectional environments.

The first and the strongest impression it gave was one of diversity. It was reflected in the character of the meetings and in the men. Endless contrasts were afforded by the group sessions which considered problems of transportation, finance, foreign trade, distribution, manufacture, European readjustment and many other questions that lay beyond the horizon of the individual business man of a generation ago and of the industrial and trade association that has followed him.

A Unity of Diverse Interests

BUT THE effect of this diversity was not to emphasize how far apart they were but how closely they had been drawn together, and the fact that they had been drawn together, even in such numbers, had ceased to be startling. The more important thing was that, having been drawn together—stock raisers and economists, bankers and editors, manufacturers of lamp shades and locomotives, organization secretaries and executives, exporters and lawyers—they were devoting themselves to the furtherance of a common undertaking which could not be circumscribed by any one business or any one kind of business, and could be properly given no industrial label.

If there was one conclusion to which the Cleveland meeting—the succession of meetings—inevitably led, it was that business, speaking a common tongue and with a clear consciousness of its own obligations and its own purposes and even of its own weaknesses, found itself working toward the same end as government and diplomacy in attempting to solve the larger problems of existence.

All Business in One Boat

THIS was particularly true from a national viewpoint. It was also true from an international viewpoint, for, as Sir Esme Howard, the British Ambassador, said, "for the sake of prosperity generally it is becoming increasingly clear that all business, whether agricultural, industrial or financial, hangs together all over the world."

It might be premature to conclude that the Cleveland meeting marks the end of the period of organization during which business has been finding itself and perfecting the mechanical arrangements by which it can express itself with some degree of unison. But it afforded unmistakable evidence that the

point of cohesion had been reached at which business was thinking not only of its relations to government—the "team play" to which President Barnes so often referred—and to the public, but of its obligations to itself.

It had developed a wholesome introspection by which it took stock of its own responsibilities and its qualifications for meeting them. In this it is to be distinguished from any other meeting of the kind that has ever been held.

The outcropping of this idea ran through all the discussion. It was presented most clearly by Secretary Hoover who formulated the precept that the responsibility for the standards of honesty laid down two thousand years ago increases infinitely in high places either in business or government and their failure is a blow at the repute of both. He added this rule:

"There must be organization in such form as can establish the standards of conduct in this vast complex of shifting invention, production and use. There is no existing basis to check the failure of service or the sacrifice of public interest. Some one must determine such standards. They must be determined and held flexibly in tune with the intense technology of business."

In other words, while the Ten Commandments and individual responsibility for observing them remains the same, the ways in which they may be violated have multiplied as business has grown in complexity and expanded its activities.

This, obviously, was not a fugitive thought on the part of the Secretary of Commerce, who is too analytical to be casual in weighing so important a problem. That it was a common impulse was proven to some extent by the fact of the convention itself. And if further evidence were needed that the more than two thousand business men who constituted it were aware of their responsibility and are intent upon fixing standards of conduct for their own guidance and control, it is afforded by the resolutions, already prepared, which they unanimously adopted, laying down fifteen fundamental principles, the framework of an ethical business code, and formulating the basic rule that "the function of business is to provide for the material needs of mankind, and to increase the wealth of the world and the happiness of life."

By their own action they were ready to justify the conclusion that what Secretary Hoover characterized "the dream of many thinkers"—a self-governing industry and business that can be made to render needless a vast area of governmental interference and regulation—is not so intangible or evanescent after all.

In the light of these declarations it is not difficult to tie together the varied group meetings and the subjects they discussed or to bring to a common focus the diversity of interests that were represented. All that was

embraced in the Cleveland meeting can be strung upon the single thread of this industrial philosophy. It explains the solicitude of business for agriculture, the interest of American business in European readjustment and the appeals for the support of the Dawes report, the study of the proper relationship between employer and employee, and the consideration of national economic policy involved in taxation, immigration and the development of transportation and other agencies of common use.

The three major topics of the convention—business and agriculture, European readjustment and the responsibility and integrity of business—were, from this higher viewpoint, expressions of the same purpose, implying a realization on the part of business of its obligations to itself and its obligations to others. The interests evoked by this sense of obligation were not restricted to a purely national environment.

The note of the archconfraternity of business was sounded by the British and Belgian Ambassadors and Basil Miles, the American Commissioner of the International Chamber of Commerce. The idea was also crystallized in several resolutions, one pledging support of the plan of the experts looking to international economic restoration, another advocating adherence to the international court of justice, another commending the President for his efforts to deal by friendly negotiation with the very vexing problem of Japanese immigration.

But it was mainly in the field of national activity that the problems with which the convention had to deal lay and it was not so much any solution of them that was offered as the clearer definition of the manner in which they are to be solved that struck the observer. Business rubbed elbows with government and a better understanding resulted.

Contrary to the general belief, this close relationship, which must become closer as business develops the responsibility and self-control to which Secretary Hoover referred and toward the achievement of which the Cleveland meeting marked a definite forward stride, was characterized by a spirit of co-operation rather than antagonism.

Exception was taken to certain legislative policies formulated in Congress as being either ineffective or economically unsound. The convention declared, for example, that "means should be found to improve the efficiency of the methods of marketing at the disposal of agriculture, and every other measure founded on the principles which will tend to stability should be provided. Any proposal for buying, selling, manufacturing or other handling of agricultural products by government agencies, however, whether under pretense of exertion of price influences or otherwise, we oppose as contrary to the principles for which the Chamber has stood with respect to other fields of activity and as sure to result disastrously for agriculture itself."

But this cannot be construed as criticism of government, for the same idea was expressed by Secretary Hoover in characterizing socialism as "Government in all business" and a step away from, rather than in the direction of, the self-governing industrial democracy which is the American ideal.

The meeting itself afforded many examples of the developing cooperation between Government and business. General Herbert M. Lord, Director of the Bureau of the Budget, Dr. George K. Burgess, Director of the Bureau of Standards, Admiral Leigh C. Palmer, President of the Emergency Fleet Corporation, and many other government officials spoke in the same key and to the same effect as the representatives of American business.

Nor was any conflict of purpose disclosed in what each had to say. It was clear that the expressed hope of the Secretary of Commerce that "the abuses which give rise to Government in business be eliminated by the systematic and voluntary action of commerce and industry itself" was not to be interpreted as foreshadowing the time when Government would let business alone but when both should work more closely together.

In this sense the final statement of President Barnes summarizing the accomplishments of the Cleveland meeting were more a prophecy of what is to come than a review of what had already happened.

"The growing membership and widened support for chamber work," he said, "shows that all sections of business life realize the necessity for common action. The declarations of standards and ethics express the reason for a growing public trust and confidence in organized business. The widespread interest demonstrates a growing appreciation that fair and healthful business and industry is the foundation of employment, earnings and a secure American standard of living."

"Legislation and administration have learned to welcome the support of this business conviction because it has proved itself to be informed, unselfish and dependable. Congress will listen to such a voice because it is the declaration of 750,000 business men that they will hold responsible the men who defy American traditions of government and violate sound economic law; and because business opinion will be taken with care and logic, supported manifestly by accuracy of fact and pressed with courage and determination."

"The very logic of events will demonstrate that judgment so formed and so expressed will win because it is right and sound and in the public interest."

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If Business Doesn't, Government Will

By HERBERT HOOVER

Secretary of Commerce

YOUR chamber has recently submitted to its members a number of recommendations upon Principles of Business Conduct in the form of a report of your Committee on Business Ethics. The very fact of issuing such a report is of interest. I wish to discuss the whole subject in its wider sense and in the relation of government to business.

The advancement of science and our increasing population require constantly new standards of conduct and breed an increasing multitude of new rules and regulations. The basic principles laid down in the Ten Commandments and the Sermon on the Mount are as applicable today as when they were declared, but they require a host of subsidiary clauses. The ten ways to evil in the time of Moses have increased to ten thousand now.

Human Rights Conflict

A WHOLE host of rules and regulations are necessary to maintain human rights with this amazing transformation into an industrial era.

Ten people in a whole county, with a plow apiece, did not elbow each other very much. But when we put seven million people in a county with the tools of electricity, steam, 30-floor buildings, telephones, miscellaneous noises, street cars, railways, motors, stock exchanges, and what not besides, then we do jostle each other in a multitude of directions.

Thereupon our lawmakers supply the demand by the ceaseless piling up of statutes in attempts to keep the traffic open, to assure fair dealing in the economic world, to eliminate its wastes, to prevent some kind of abuse or some kind of domination. Moreover, with increasing education our senses become more offended and our moral discriminations increase, for all of which we discover new things to remedy. In one of our states more than 1,000 laws and ordinances have been added in the last eight months. It is also true that a large part of them will sleep peacefully in the statute book.

The question we need to consider is whether these rules and regulations are to be developed solely by government or whether they cannot be in some large part developed out of voluntary forces in the nation. In other words, can the abuses which give rise to government in business be eliminated by the systematic and voluntary action of commerce and industry itself? This is indeed the thought behind the whole gamut of recent slogans, "Less Government in Business," "Less Government Regulation," "A Square Deal," "The Elimination of Waste," "Better Business Ethics," and a dozen others.

National character cannot be built by law. It is the sum of the moral fiber of its individuals. When abuses which rise from our growing system are cured by live individual conscience, by initiative in the creation of voluntary standards, then is the growth of moral perceptions fertilized in every individual character.

No one disputes the necessity for constantly new standards of conduct in relation to all these tools and inventions. Even our latest great invention, radio, has brought a host of new questions. No one disputes that much of these subsidiary additions to the Ten Commandments must be made by legislation. Our public utilities are wasteful and costly unless we give them a privilege more

or less monopolistic. At once when we have business affected with monopoly, we must have regulation by law. Much of even this phase might have been unnecessary had there been a higher degree of responsibility to the public, higher standards of business practice among those who dominated these agencies in years gone by.

There has been, however, a great extension of government regulation and control beyond the field of public utilities into the fields of production and distribution of commodities and credit. When legislation penetrates the business world, it is because there is abuse somewhere.

A great deal of this legislation is due rather to the inability of business hitherto to so organize as to correct abuses than to any lack of desire to have it done. Sometimes the abuses are more apparent than real, but anything is a handle for demagoguery. In the main, however, the public acts only when it has lost confidence in the ability or willingness of business to correct its own abuses.

Legislative action is always clumsy—it is incapable of adjustment to shifting needs. It often enough produces new economic currents more abusive than those intended to be cured. Government too often becomes the persecutor instead of the regulator.

The vast tide of these regulations that is sweeping onward can be stopped if it is possible to devise, out of the conscience and organization of business itself, those restraints which will cure abuse, that will eliminate waste, that will prevent unnecessary hardship in the working of our economic system, that will march with larger social understanding. Indeed it is vitally necessary that we stem this tide if we would preserve that initiative in men which builds up the character, intelligence, and progress in our people.

Our Dependable Citizenship

I AM ONE of those who believe in the substratum of inherent honesty, the fine vein of service and kindness in our citizenship. The vast volume of goods and services that daily flow through the land would cease instantly were it not for the instinctive dependence of our people upon the moral responsibility of the men who labor in the shops and farms and the men who direct our production and distribution.

In these times of muddled thought it is sometimes worth repeating a truism. Industry and commerce are not based upon taking advantage of other persons. Their foundations lie in the division of labor and exchange of products. For through specialization we increase the total and variety of production and secure its diffusion into consumption.

By some false analogy to the "survival of the fittest" many have conceived the whole business world to be a sort of economic "dog eat dog." We often lay too much emphasis upon its competitive features, too little upon the fact that it is in essence a great cooperative effort. And our home-made bolshevist-minded critics to the contrary, the whole economic structure of our nation and the survival of our high general levels of comfort are dependent upon the maintenance and development of leadership in the world of industry and commerce. It must be realized

that any contribution to larger production, to wider diffusion of things consumable and enjoyable, is a service to the community; and the men who honestly accomplish it deserve high public esteem.

The thing we all need to consider searchingly is the practical question of the method by which the business world can develop and enforce its own standards and thus stem the tide of governmental regulation. The cure does not lie in mere opposition. It lies in the correction of abuse. It lies in an adaptability to changing human outlook.

The problem of business ethics as a prevention of abuse is of two categories: those where the standard must be one of individual moral perceptions, and those where we must have a determination of standards of conduct for a whole group in order that there may be a basis for ethics.

Responsibilities of Leadership

THE STANDARDS of honesty, of a sense of mutual obligation and of service, were determined 2,000 years ago. They may require at times to be recalled. And the responsibility for them increases infinitely in high places either in business or government, for there rests the high responsibility for leadership in fineness of moral perception. Their failure is a blow at the repute of business and at confidence in government itself.

The second field, and the one which I am primarily discussing, is the great area of indirect economic wrong and unethical practices that spring up under the pressures of competition and habit. There is also the great field of economic waste through destructive competition, through strikes, booms and slumps, unemployment, through failure of our different industries to synchronize and a hundred other causes which directly lower our productivity and employment. Waste may be abstractly unethical, but in any event it can only be remedied by economic action.

If we are to find solution to these collective issues outside of government regulation, we must meet two practical problems:

First, there must be organization in such form as can establish the standards of conduct in this vast complex of shifting invention, production, and use. There is no existing basis to check the failure of service or the sacrifice of public interest. Someone must determine such standards. They must be determined and held flexibly in tune with the intense technology of trade.

Second, there must be some sort of enforcement. There is the perpetual difficulty of a small minority who will not play the game. They too often bring disrepute upon the vast majority; they drive many others to adopt unfair competitive methods which all deplore; their abuses give rise to public indignation and clamor which breed legislative action.

I believe we now for the first time have the method at hand for voluntarily organized determination of standards and their adoption. I would go further; I believe we are in the presence of a new era in the organization of industry and commerce in which, if properly directed, lie forces pregnant with infinite possibilities of moral progress.

I believe that we are, almost unnoticed, in the midst of a great revolution—or perhaps a better word, a transformation—in the whole super-organization of our economic life. We are passing from a period of extremely in-

dividualistic action into a period of associational activities.

Practically our entire American working world is now organized into some form of economic association. We have trade associations and trade institutes embracing particular industries and occupations. We have chambers of commerce embracing representatives of different industries and commerce. We have the labor unions representing the different crafts. We have associations embracing all the different professions—law, engineering, medicine, banking, real estate, and what not. We have farmers' associations, and we have the enormous growth of farmers' cooperatives for actual dealing in commodities.

Of indirect kin to this is the great increase in ownership of industries by their employes and customers, and again we have a tremendous expansion of mutualized insurance and banking.

Although such associational organizations can trace parentage to the middle ages, yet in their present implication they are the birth of the last 50 years, and in fact their growth to enveloping numbers is of the last 25 years. We have, perhaps, 25,000 such associational activities in the economic field. Membership, directly or indirectly, now embraces the vast majority of all the individuals of our country. Action of wide import by such associations has become an important force of late in our political, economic, and social life.

Rise of Collective Action

IT IS true that these associations exist for varied purposes. Some are strong in recognition of public responsibility and large in vision. Some are selfish and narrow. But they all represent a vast ferment of economic striving and change.

Ever since the factory system was born there has been within it a struggle to attain more stability through collective action. This effort has sought to secure more regular production, more regular employment, better wages, the elimination of waste, the maintenance of quality or service, decrease in destructive competition and unfair practices, and oftentimes to assure prices or profits.

The first phase of development on the business side was "pools" in production and distribution. They were infected with imposition upon the public and their competitors. In some part they were struggles to correct abuse and waste. They were followed by an era of capital consolidations with the same objects, but also to create a situation of unbreakable agreements. Both were against public interest, and the public intervened through the Sherman Act. Yet underneath all these efforts there was a residuum of objects which were in public interest.

Associational activities are, I believe, driving upon a new road where the objectives can be made wholly and vitally of public interest. The legitimate trade associations and chambers of commerce with which I am now primarily concerned possess certain characteristics of social importance and the widest differentiation from pools and trusts. Their membership must be open to all members in the industry or trade, or rival organizations enter the field at once.

Therefore they are not millstones for the grinding of competitors as was the essence of the old trade combinations. Their purpose must be the advancement of the whole industry or trade, or they cannot hold together. The total interdependence of all industries and commerce compels them in the long run to go parallel to the general economic good. The leaders rise in a real democracy without

bosses or political manipulation. Citizens cannot run away from their country if they do not like the political management, but members of voluntary associations can resign, and the association dies.

I believe that through these forces we are slowly moving toward some sort of industrial democracy. We are upon its threshold if these agencies can be directed solely to constructive performance in the public interest.

Self Government for Industry

ALL THIS does contain some dangers, but they will come only from low ethical standards. With these agencies used as the machinery for the cultivation and spread of high standards and the elimination of abuses, I am convinced that we shall have entered the great era of self-governing industry and business which has been a dream to many thinkers. A self-governing industry can be made to render needless a vast area of governmental interference and regulation which has grown up out of righteous complaint against the abuses during the birth pains of an industrial world.

Some people have been alarmed lest this associational movement mean the destruction of our competitive system, lest it inevitably destroy the primary individualism which is the impulse of our society.

This alarm is groundless. Its rightful activities do not destroy equality of opportunity or initiative. In fact, they offer new avenues of opportunity for individuals to make progress toward leadership in the community. Any one of them will die at once if it does not offer equality of opportunity to its members; or if it restricts its membership, rival associations at once emerge. They are the safeguards of small business and thus prevent the extinction of competition. They are the alternative to capital consolidation. They are not a growth toward socialism—that is, government in all business—they are in fact a growth directly away from such an idea.

Right here, for the benefit of the gloomy persons who have a frozen belief that every form of associational activity is a conspiracy to fix prices and to restrain trade, to perpetuate tyranny of employer or employe, we may remember that there are some crooks in every line of endeavor. The underlying purposes of the vast majority are constructive. A minority may be violating the Ten Commandments and need the application of criminal standards. I am speaking, however, of something more vital than porch-climbing.

High Standards Raise Competition

I AM, of course, well aware of the legal difficulties that surround certain types of associational work. I do not believe that the development of standards of conduct or the elimination of abuses in public interest have ever been challenged as a violation of the Sherman Act. Moreover, to establish either a physical or a moral standard directly sharpens competition.

These associational activities are the promising machinery for much of the necessary determination of ethical standards, for the elimination of useless waste and hardship from the burden of our economic engines. Moreover, we have in them not only the agencies by which standards can be set, but by cooperative action among the associations representing the different stages of production, distribution and use we can secure a degree of enforcement far wider than mere public opinion in a single trade.

When standards are agreed upon by the associations representing the manufacturer and distributor, and by those representing

the user, we have a triple force interacting for their enforcement.

Now I do not wish anyone to think my feet are not on the ground in all this, and I propose to give a few illustrations from real life of what can be effected by constructive associations and by cooperation among them.

The Department of Commerce has, at the request of the lumber industry, held a number of conferences to discuss the rules of the road in that industry and its relations to the other industries and the common good. The problem was to establish more general and more constructive standards of practice, ethics, and waste elimination.

In the toil of formulating these standards there arose a question of how thick a 1-inch board should be. It sounds easy. But it quickly developed to be a question whether it should be 1 inch thick when it was green, after it was dried, when planed on one side, or when planed on both sides. It developed not only that a choice had to be made among these four alternatives, but also that this choice had to be based upon a proper consideration for the conservation of our forests on one hand and the provision of a material of such structural character as to constitute a square deal to the consumer on the other.

Success When Legislation Fails

IT ALSO developed that there were 32 different thicknesses of a 1-inch board in current use and that some minority of manufacturers in the drive of unfair competition were gradually thinning the board until it threatened to become paper. There also had to be developed the exact differences which threw a board into four or five different grades, and there had to be a determination of standard trade names for different species of wood. The point was that an accurate standard had to be determined before discrimination as to fair dealing and public service could be gauged. That occasion was the foundation of ethics in 1-inch boards.

These conferences established some 80 questions involving the whole technology of lumber and comprising for the first time a definite series of national standards. Here is the sum of our problem. It could only be accomplished through an association in the industry. It is proof of industrial conscience and service.

The second part of the practical problem which I enumerated before is enforcement. Again associational activities were called upon. The manufacturers were not alone in these conferences, but the distributor and consumer were also represented by the Architects' Association, the Building Contractors' Association, the railway and other purchasing associations, and the retailers' associations.

The action and reaction of the buyer and seller upon each other in their desire to secure fair dealing in industry can procure enforcement. Joint inspection bureaus have been erected where complaint for violation can be lodged and determination made. Enforcement may not be 100 per cent, but the standards are there, and a sense of individual responsibility and self-interest will eventually, I am confident, make them universal.

For years aggrieved persons and some of the trade have been agitating this question of lumber standards in Congress. Numerous bills have been introduced. If this effort succeeds, no legislation will be necessary. This is keeping the Government out of business through the remedy of abuses by business itself.

I propose now to mention one other case of a most vitally important and entirely different order, rendered possible only through

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associational activity in which the Department of Commerce has been in active cooperation. That is in the bituminous coal industry.

There have been developed in this industry, as many of you are aware, 30 per cent too many mines operating intermittently during nearly every week of the year with a large seasonal dip in summer. Thus they required 30 per cent more labor and 30 per cent more capital than was necessary to produce the nation's coal.

One effect of this situation was that some proportion of the employees secured too few days' work to yield them a reasonable standard of living, even at the apparently high daily wage. This minority of employees were naturally a constant source of agitation and disturbance. The result of all this was a higher cost of producing coal and consequently a higher national coal bill, speculation and uncertainty to the operators, hardship and difficulty and instability to a considerable portion of the workers.

The fundamental cause was a vicious cycle of seasonal fluctuation in demand, annual shortage in coal cars, and periodic strikes which grew out of the instability of labor relationships. These periods of shortened or suspended production always resulted in famine prices for coal and great stimulation to the opening of new mines.

At least four government commissions have examined this question. Probably 40 bills have been introduced into Congress proposing governmental regulation in an attempt to correct the abuses and wastes and public danger that lay in the situation.

The associational agencies in the field were those of the operators, of labor, of the railway executives and of the various associations of industries as consumers. The first problem was to secure a general knowledge of the causes to which I feel the Department of Commerce contributed substantially.

Remedy was undertaken in many directions. The railway association induced the construction of a more ample supply of coal cars and greater expedition and interchange in handling between different railways. The Department of Commerce, in cooperation with the chambers of commerce, manufacturers' associations, railway and public utilities associations, secured that more coal should be put in storage during the summer season.

The result was that last year for the first time in many years we had no interruption

in the distribution of coal due to car shortages. One element of the vicious cycle in this situation is eliminated, provided we can continue this same cooperation in future.

The second part of the solution was the general agreement by both operators and labor that stability could not be restored in the industry unless there was a long period of continuous operation in which the absence of coal famines and profiteering would eliminate the speculative and high-cost producer and reduce the units in the industry and thus its intermittency. The labor agreement between these associations made last February for a term of three years has assured this improvement.

Here we have an example of the most profound national importance in at least the beginning of stabilization of an industry involved in a most vicious cycle of waste and trouble. The national savings can be measured in hundreds of millions and the human hardships greatly lessened.

There will be some preliminary hardship in so great a self-imposed surgical operation but I am confident it will heal to the mutual interest of the operators, the public, and the workers. Today I do not believe there is any sentiment for government regulation of the bituminous coal industry.

Many Steps of Progress

ANOTHER instance of great interest in which I had the honor to participate was the abolition of the 12-hour day in the steel industry through the action of the steel association.

I could give you a multitude of examples of the beginnings of constructive self-government in industry among many other associations. The very publication of codes of ethics by many associations instilling service as the primary purpose, the condemnation of specific unfair practices, the insistence upon a higher plane of relationships between employer and employee—all of them are at least indications of improving thought and growing moral perceptions.

All of this is the strong beginning of a new force in the business world. The individual interest is wrapped up with public interest. They can find expression only through association. Three years of study and intimate contact with associations of economic groups, whether in production, distribution, labor or finance, convince me that

there lies within them a great moving impulse toward betterment.

If these organizations accept as their primary purpose the lifting of standards, if they will cooperate together for voluntary enforcement of high standards, we shall have proceeded far along the road of the elimination of government from business. American business is never secure unless it has public confidence behind it. Otherwise it will always be a prey to demagoguery and filled with discouragement.

The test of our whole economic and social system is its capacity to cure its own abuses. New abuses and new relationships to the public interest will occur as long as we continue to progress. If we are to be wholly dependent upon government to cure these abuses, we shall by this very method have created an enlarged and deadening abuse through the extension of bureaucracy and the clumsy and incapable handling of delicate economic forces.

The old law merchant is the basis of much of our common law. A renaissance of a new law merchant could so advance our standards as to solve much of the problem of government in business.

American business needs a lifting purpose greater than the struggle of materialism. Nor can it lie in some evanescent, emotional, dramatic crusade. It lies in the higher pitch of economic life, in a finer regard for the rights of others, a stronger devotion to obligations of citizenship that will assure an improved leadership in every community and the nation; it lies in the organization of the forces of our economic life so that they may produce happier individual lives, more secure in employment and comfort, wider in the possibilities of enjoyment of nature, larger in their opportunities of intellectual life. Our people have already shown a higher sense of responsibilities in these things than those of any other country. The ferment of organization for more definite accomplishment of these things in the practical day-to-day progress of business life is alive in our business world.

The Government can best contribute through stimulation of and cooperation with voluntary forces in our national life; for we thus preserve the foundations upon which we have progressed so far—the initiative of our people. With vision and devotion these voluntary forces can accomplish more for America than any spread of the hand of government.

Government, Business and Good Sense

By JULIUS H. BARNES

President, Chamber of Commerce of the United States

THE SWELLING volume of American production and distribution rose last fall to its unprecedented crest, recording 23 successive weeks of railroad car loadings exceeding 1,000,000 cars weekly. In the face of continued instability and unsettlement in Europe the American tide of commerce distribution, sustained by the buying power of a fully employed people, seemed capable of indefinite maintenance and continued expansion. The great engine of American large-scale production, developed by industrial methods and practices peculiarly American, seemed illimitable in its ability to take the suggestions of inventive minds, provide great quantities of new and old articles of living use, and by this very process enlarge and strengthen the earning power of our people and their ability to purchase and possess.

How extensive the American industrial mechanism in its aggregate performance has become may be pictured by the general state-

ment that, although we have in America only 6 per cent of the world population, we convert annually through our industries into the manifold forms and shapes that serve the various requirements of living use, almost one-half of the annual output of the basic materials of the world. A simple table showing the production and consumption here in these standard materials runs thus:

America produces 43 per cent of the world output of coal and consumes 57 per cent.
America produces 54 per cent of the world output of iron and consumes 53 per cent.
America produces 64 per cent of the world output of steel and consumes 57 per cent.
America produces 49 per cent of the world output of copper and consumes 44 per cent.

America produces 64 per cent of the world output of petroleum and consumes 72 per cent.

America produces 69 per cent of the world output of cotton and consumes 37 per cent.

America produces 52 per cent of the world output of timber and consumes 51 per cent.

America produces 41 per cent of the world output of shoes and consumes 39 per cent.

America produces 43 per cent of the world output of printing paper—the great indicator of the dissemination of information and knowledge—and consumes 50 per cent.

And it is America's buying that sustains the industrial and financial structure of the countries that produce silk, or rubber, or coffee—articles which we do not produce at home because of climatic and soil conditions.

And, finally, America produces 92 per cent of the world output of automobiles and consumes 90 per cent.

How efficiently this industrial mechanism is

functioning and how adaptable it has become to every device that serves it with economy is again shown by the general statement that this 6 per cent of world population owns almost half the railroad mileage of the world, and almost three-quarters of the telephone and telegraph equipment. Moreover, it produces and uses at home about 90 per cent of the world equipment of automobiles.

The equipment of industry, however, developed the need of additional capital ventures into industry if that modernizing and expanding was to continue. The railroads during 1923 expanded in new equipment and improvement more than \$1,000,000,000, and, as a result, for the first time in years America had adequate and ready transportation, which of itself proved a great safeguard to the operations of industry and the welfare of all our people. But this railroad capital was secured almost entirely from loans resting directly as prior obligations with fixed charges and lacking the flexibility and elasticity of stock ownership ventures, which latter would have required the hope of better capital returns in event of successful enterprise.

It became clear that a substantial part of the annual fund of reinvestment capital, represented by the larger individual incomes, was unwilling to take the ventures of active industry because the national rates of surtaxes did not leave a fair balance between unshared prospective loss and the unlevied portion of possible profit. Moreover, it had become apparent that the general burden of war taxes had become unbearable under peace conditions and that the national finances had been so wisely administered that this relief could well be extended in the reduction of the national aggregate tax levy.

There had been for many months a general discussion of these developing phases of national taxation so that in November last there was a great popular demonstration of approval when the Secretary of the Treasury proposed to Congress a revision of the tax structure which relieved 7,000,000 individual taxpayers and at the same time revised the unwise surtax rates.

At that time there was a spirit of confident enterprise of courage and resourcefulness in American industry which augured well for the future. America for a short time had a vision of national finances administered with experience, skill and foresight; of a National Congress appreciating that kind of public service and quick to follow proven ability and matured judgment.

The Fear of Legislation

AND THEN in the five months intervening we have the slow discouragement and growing misgiving and distrust as the National Congress delays, substituting proposals that carry the stamp of the obstinacy of untested personal opinion, or of partisan consideration. This misgiving was again intensified by the suspicion of insincerity which discusses relief of the national treasury and yet levies the additional burden of a bonus grant. Running parallel with these again, discussion in Congress which proposes a violation of the American tradition of private initiative and private enterprise under which our whole material progress has been achieved; proposing that government itself shall buy and sell and manufacture certain commodities under a theory of artificially maintaining price relations.

Out of these discouraging conditions in our National Congress, in spite of sound fundamentals and in the face of the first hopeful solution of European instability in five years, has developed a hesitancy in the business world. Even before this undermining of the

spirit of confident enterprise by growing misgiving, there were conditions in industry which should have enlisted the most sympathetic and wise treatment in national policies. The terrific deflation of 1920-21 had not been yet fully absorbed in all lines of industry. It was manifest that many sections of industry were on turnover margins which were not adequate to provide proper earnings and the factor of safety provision.

Yet, even today, so sound are the fundamentals of American business that the spirit of courage, confidence and enterprise could be revitalized quickly by intelligent team play between Government and industry.

The manifest quick response of the processes of industry to government policies, wise or unwise, emphasizes the growing interdependence of Government and industry in this country.

Government and Our Money

GOVERNMENT, with its requirements, its legislative and its administrative authority, touches the flow of liquid capital and moneys in three major aspects.

1. By its proper monopoly of currency issuance. There is here entrusted to Government a very solemn responsibility in respect to this function, and the experiences in recent years of European countries which have departed from the rigid standards of trust in respect of this governmental function, show how devastating uncontrolled currency issuance must be to the very processes of industry and how destructive to the thrift and self-denial impulses of a people.

2. By control of appointee power of the policies of the Federal Reserve System; and here again this engine of credit must be administered by the very highest type of policy and devotion to the whole public interest.

3. By unwise tax laws which might tend to frighten a large section of the reinvestment capital from active ventures into expanding industry and into semi-seclusion of greater safety.

Every American agency which affects public opinion faces now the problem of creating a general public understanding of this new relation and making this informed public opinion effective in influencing properly the policies of Government which thus through industry reach every American home.

At this point it is encouraging to remember that 6 per cent of the world's population here in America consumes over one-half the newsprint of the world. The printed page, which quickens mentality, widens knowledge, provides the comparison of American methods, practices and standards with the achievements of other lands, is a great barrier against social theories that depend on the credulity of ignorance. Statements of error made with the positiveness which might otherwise carry conviction fall before public literacy which ascertains the accuracy of facts through daily reading. Many generations of traditional public school education in America provide the background for the service of 22,000 newspapers.

How fast the newspaper agency of general information has developed and how it has been spaced with the inventive service of industry itself is visualized by this simple statement: The first newspaper published in America, containing foreign news then five months old, consisted of two sheets 9 x 12. Today there are vast newspapers that require the service of the perfected fast press, turning out 48,000 8-page papers hourly.

Informed public opinion is the final tribunal which controls government policies in the self-government of any free people. It is the

primary responsibility of our organization and its peculiar privilege, as well, that on national problems it shall collect accurate information, stimulate understanding and discussion, present the arguments for or against a conclusion, crystallize thus public opinion and collect that public opinion in order to strengthen and support the great majority of public servants who really desire to discharge public office in the public interest.

It is evident that there is a field of peculiarly hopeful promise in America for the construction of sound and intelligent public opinion. We may visualize this by the index of general information for which the printed page of newsprint has become the symbol. The consumption of newsprint in 1920 per capita runs thus:

Russia	6 pounds
Japan	12 pounds
Germany	45 pounds
Great Britain.....	76 pounds
United States.....	150 pounds

Moreover, if repeated trials of social and political errors against the recorded failures of history rest largely on limited opportunity and illiteracy of whole peoples here then is a great index of hopefulness, wider than our single country, in that the world consumption of newsprint per capita has risen in forty years from 3 pounds to 50 pounds.

We have again a comparison which is encouraging as showing the relative activity and alertness of our business and social structure, in the comparison of telephone use here and in other countries. Moreover, this comparison lends additional conviction that government ownership of public utilities is not the proper reliance for the protection of the public interest. The telephone conversations per capita of certain countries run as follows:

United States.....	160
Germany	52
France	18
Great Britain.....	18

When our people read that in this great new and sparsely settled country the United States has 13 telephones per 100 people, while Great Britain has 2, there is a natural inquiry which must be answered: Why should they, if their political philosophy and social practices are so similar, differ so radically in the general use of such a ready agency of earning-power and social facility?

A Nation Closely Linked

DOES it not lie in the fact that the telephones and telegraphs of Great Britain are government-operated, while in America, with American resourcefulness we have developed a new policy of regulation which protects the general public, but regulation generous and fair enough to attract into this regulated industry this same driving power and resourcefulness which goes into the field of private industry?

It seems reasonable that the same old methods will not be effective in crystallizing public opinion among a people of such intensified communication. Moreover, there cannot be the same type of thought and ideals on which public opinion is crystallized. There must be a new effort to appraise the influence on which our advanced and intensified living standards must rest, and there must be new consideration as to how there can be created the general appreciation which will preserve these influences.

It is increasingly necessary that our people should understand the peculiarly American methods and influences which have achieved the material leadership of America. American living standards neither create themselves

nor maintain themselves, but are the result of stimulants in our national philosophy which must be properly appraised, valued and preserved. The American people are competent to appreciate the story and to value the underlying influences. Moreover, there is much to fix the American imagination on the fact that this political experiment of a free people is timed with the evolution of the service of power energy to the processes of industry on which our whole material achievement has been erected.

In 1782, when this Republic was recognized, the total wealth of the world after forty centuries of accumulated effort had reached the estimated aggregate of \$100,000,000,000. In the 142 years next succeeding the estimated wealth of the world has risen sharply to \$1,000,000,000,000. That period of increased wealth creation, the aggregate of individual possession and attainment, marks also the era of man's mastery over the power secrets of nature, beginning with the discovery of steam generation in 1781.

Manifestly, the crude power aids of that forty centuries, the windmill, the tide mill, the water wheel, provided only a narrow margin over the bare requirements of existence. Manifestly also, the enlargement of each worker's productive effort by the power appliances of recent years has greatly stimulated the margin of productive accumulation beyond living requirements. Manifestly also, this increased margin of production has been the basis of the steadily widening equipment of the American home.

A few items of comparison between 1781, before the harnessing of steam to enlarged human effort, and 1923, tell this story of productive capacity so clearly that every school child may comprehend its service.

Gain in Production Per Man

THE PRODUCTION per day per man in standard necessities runs from 1781 to 1923 as follows:

In iron the production rose from 500 pounds to 5,000 pounds.

In lumber, from 100 feet to 750 feet.

In nails, from 5 pounds to 500 pounds.

In shoes, from $\frac{1}{4}$ pair to 10 pair.

In coal, from $\frac{1}{2}$ ton to 4 tons.

In paper, from 20 square feet to 200,000 square feet.

Or one may visualize how impossible of attainment the present vast complex and perfected social progress of America would be, except for successive advances in invention, in industrial methods and practices, in social and living facilities, carrying forward continuously the economy of human effort, by picturing the transportation of today resolved back to the methods of early days. For example, the class-one railroads of America attained last year a movement of commodities aggregating 423,000,000,000 ton miles with 1,800,000 employees. This volume of goods, moved under the transportation methods of 1781, would have required 70,000,000 drivers and 140,000,000 horses.

Behind this record of increased production per worker and thus the vast enlargement of articles to divide among the homes of America and to swell the individual possession and use, lies the whole justification of America's industrial philosophy. Our whole national history shows that this increased production per worker does not release workers to unemployment, but that this method stimulates the expansion of old industries and the establishment of new ones with a security of earning opportunity for every worker.

In the past it may be fairly charged against business leadership that it has not properly

presented to public opinion the reasons for some of its most earnest convictions. The American public can easily visualize that whatever influences check the trend to increasing production per worker in all lines of human effort would constitute a social injury that limited the attainments of American living.

This conviction, and not solely a profit motive, lies behind the demand of individual employers and organized business for the methods of the open shop in industrial relations. Closed-shop methods have often by rules restricting effort and output checked this progress which lies at the very foundation of American living standards. American business leadership must carry this story to public opinion, and there is already clearly a better general understanding of these economic laws.

Motives Are Altruistic

IN THE same way organized business must make clear that its opposition to government ownership and operation in the field of private effort rests on the same profound truth that this advance in living standards and human opportunity is checked and undermined when the lethargy of government politics replaces the driving force of private initiative and private enterprise.

These are profound truths which the American public is perfectly able to comprehend when presented by logic and conviction. Too long organized business has allowed itself to be represented as holding these opinions solely in the selfish protection of business earnings, instead of making clear that on these truths rests the whole field of opportunity for coming generations of American youth.

The Chamber of Commerce of the United States holds profound convictions on these essentials for the healthful conduct of industry and its continued advance. It has adhered with fidelity to its early ideals of accurate information, fair and uninfluenced study, and energy and courage in defending the field of honest American business.

Turn now from domestic to international conditions. The annual meeting of last year was held on the eve of the departure of the delegates for the International Chamber meeting in Rome. At that gathering were set forth the essential conditions under which reparations and its allied questions must be approached for permanent solution. These resolutions, proposed by the American delegation, were unanimously accepted by the delegates from 26 countries.

At the same conference in Rome, the International Chamber of Commerce selected, as its new president, an American, Willis H. Booth, who has always been an active supporter of the Chamber of Commerce of the United States. Under his leadership a special committee of the International Chamber of Commerce, with again an American chairman, Fred I. Kent, also long an active worker in the Chamber, was appointed with the express purpose of impressing the Rome resolutions upon European public and official opinion.

With this background of the origin of the Rome declarations and the part played by American leadership in enlisting the public opinion of Europe there is especial gratification in the fact that before the year ended, the interested countries had arranged a study of the economic questions involved and a recommended course of action for their permanent solution.

It is a matter of further gratification that in prescribing the field of work for this committee of experts the French Premier cited the Rome resolutions as a guide.

As a result of these successive steps there

have just been completed a three months' study in Europe by business leaders of the interested countries and a presentation of a plan which promises a permanent settlement. At this moment this plan seems acceptable to all the countries interested, both victor and vanquished, creditor and debtor, and seems so complete and logical that it does promise that the five-year instability in Europe, greatly retarding the progress of the world, may now be resolved into the conditions of stable peace.

Again it is a matter of national interest and organization pride that three Americans have contributed much in this distinguished world service, Gen. Charles G. Dawes, Owen Young and H. M. Robinson. Two of them are active in the work of the Chamber of Commerce of the United States, and one of them is at present a regional vice-president.

It is a fair statement that, almost without exception today among the countries of Europe, there is notable progress towards that political and financial stability under which industry makes effective the earning power of peoples with all that means to the enlarged area of human security and content. Especially in recent months there have been signs of more stable values in the different currencies, facilitating again the processes of trade and industry. Unemployment has recently distinctly decreased, production has measurably increased, and the spirit and confidence of European industry have improved.

Hastening Europe's Recovery

IT IS quite possible that the same processes which under America's more fortunate stability of industry have shown a constant enlargement of the productive and earning power of the individual worker, will be effective also in Europe. It is quite possible that the apparently discouraging burdens of reparations and debts, national and individual, will by this trend of enlarged earning power be lifted with less distress and in less time than is now generally expected.

In passing it seems proper to record a great regret that so many years' delay, necessary or unnecessary, intervened before there could have been accepted generally in Europe this team play and cooperation between governmental authority and business experience and ability applied to economic questions, for it is quite possible that such cooperation at an earlier date might have shortened the period of distress and suspended recovery in Europe.

The comprehensive transportation study carried on under the auspices of the Chamber during the past sixteen months marks a forward step in methods of consideration of important public questions by the business community. The participation of representatives of agriculture and labor, as well as commerce and industry, in the Transportation Conference and its committees; the continuous publicity of the studies and committee findings; the submission of the results of thorough preliminary study to a large representative conference of wide geographical distribution; and the final review of all these recommendations by a business men's committee distinctively representative of the shippers' interest in the National Chamber—these steps have assured the development of a program in which every element has been fully ventilated and valued. The current influence of these studies in crystallizing a sound public opinion, setting to rest the ghost of government ownership, promoting a fair attitude toward the carriers, lending them confidence in a splendidly executed program of reequipment and improvement of service, have a significance difficult to fully evaluate.

"Business in Government" at Work

By Gen. HERBERT M. LORD

Director, Bureau of the Budget

THE United States Government came out of the World War with an indebtedness of \$25,500,000,000 which, by August 31, 1919, had increased to \$26,500,000,000. It was evident that something must be done at once to curb the rising cost of government in times of peace. At this juncture Congress provided a budget system for the Government in the Budget and Accounting Act which was approved by President Harding June 10, 1921.

This act placed squarely upon the shoulders of the Chief Executive, as the head of the Government's business organization, the responsibility for presenting to Congress estimates in detail of the amount of money that would be required to carry on necessary federal operations.

It required also that he should support this budget with a statement of the prospective government receipts; and if the proposed expenditures exceeded the expected receipts, that he should recommend to Congress measures to be taken to provide the additional revenue needed.

It also required him, if the expected receipts showed an excess over proposed expenditure, to recommend to Congress what disposition should be made of the expected surplus. In compliance with this provision of the law, President Coolidge in his message submitting his annual budget December last, recommended a program of reduction of taxation which is now before Congress.

The Budget and Accounting Act gave the President as an agency to prepare the budget the Bureau of the Budget, with a director at its head, who is the managing director of the routine business organization of the Government.

Prior to the enactment of this budget legislation no serious attempt had ever been made to control federal estimates and expenditures with a view to balancing the budget. Today the entire program is based on the principle that expenditures will be kept within revenues. Under the direction of the President the Bureau of the Budget has succeeded in materially reducing the cost of federal operation.

Three years ago of the entire cost of government in this country 60 per cent was properly chargeable to the Federal Government and forty to the state and municipal governments. Today 40 per cent represents approximately the proportion of expenses chargeable to the Federal Government and sixty to the subsidiary governments.

One feature of the new budget procedure that is attracting attention not only in this country but in other countries is the custom of holding semi-annual meetings of the personnel in Washington who are directly concerned with estimating for and the obligating and expending of government funds. A meeting is held shortly after or near the close of each fiscal year and another meeting some time in January of each year.

These meetings, which are called by the director of the Bureau of the Budget, at the direction of the President, are attended by the members of the Cabinet, heads of the independent establishments, and make up a town meeting of approximately 1,500 people. At these meetings the President, as the head of the business corporation, presents to his board of directors his financial policies, and is followed by the director of the Bureau of

the Budget who, in more detail, outlines what has been accomplished and plans for future operation.

At the meeting which was held June 18, 1923, which was the last meeting presided over by President Harding, two great policies were outlined. One had to do with expenditure for the fiscal year 1924, for which appropriations had been made; and the other treated of estimates for the fiscal year 1925, which the law required should be submitted to Congress the first week in December, following.

The various departments and establishments had estimated that they expected to withdraw from the Treasury and would expend during the twelve months from July 1, 1923, to June 30, 1924, \$3,668,000,000. The estimated receipts from all sources totalled only \$3,638,000,000. This showed an expected deficit of \$30,000,000.

For that total of expenditures estimated by the departments the money had been appropriated and was available. They could spend it. The only restriction thereon was such control as the President would be able to impose through the Bureau of the Budget.

Setting Up a Standard

PRESIDENT HARDING stated very decidedly that not only would there be no deficit in 1924, but that after setting aside the \$512,000,000 which is to be applied during the year to the reduction in the public debt, all other expenditures, including interest on the public debt, must be kept within three billion dollars. This meant a reduction in their spending program of \$156,000,000.

November 30 a new estimate of expenditures for the year under this policy totalled only \$3,565,000,000, a reduction of \$103,000,000 from the original estimate. A further reduction of \$53,000,000 is required if the policy of President Harding, which today is the policy of President Coolidge, is to be carried out. The reduction in expenditure, coupled with unexpectedly large revenue receipts, has converted the \$30,000,000 possible deficiency estimated at the June 18 meeting to a promised surplus of \$329,000,000 as estimated November 30, so that we lack the spur of a threatening deficit to help us toward economy.

There has been, however, no relaxation of the pressure for savings, and the federal personnel have had it impressed upon them that there can be no higher service at this time than to cut down and keep down federal expenditures. There is one reason for economy in the public service—reduction in taxation.

That the President has been in a position to recommend a program of taxation reduction is due entirely to the reduction of expenditures, sacrifices willing or unwilling, made by the executive departments, as will be shown by the following figures: The total receipts last year were \$4,007,000,000, and we ended the year with a surplus of \$309,000,000. The total estimated receipts for next year, 1925, amount to only \$3,693,000,000.

Although receipts under the present system of taxation would be reduced below the receipts of 1923 by \$314,000,000, the surplus estimated for next year has advanced from \$309,000,000 to \$395,000,000. Despite the fact that there has been a progressive falling

off in revenues, there has been a progressive increase in the estimated surplus, which could only be effected by a reduction in expenditures more than offsetting the reduction in receipts.

It would seem to be a simple matter in the total estimated expenditure for this year of \$3,565,000,000 to effect savings of \$53,000,000. That possibly is the way it appears to the taxpayer, but an analysis of some of the factors that make up that generous total may serve to modify that opinion.

In that amount \$940,000,000 is for interest on the public debt, which cannot be modified; \$512,000,000 is for reduction of the public debt, which is required under the provisions of the Cumulative Sinking Fund Act and other enactments which cannot well be modified; \$688,000,000 is for the veterans of three wars and the dependents of four, which we would not touch if we could for the purposes of economy; and in searching through the more than one thousand pages of the annual budget we find other millions that are not subject to administrative control which help to swell the extraordinary total.

Deducting these large amounts we find that there is less than a billion and a half that is subject to reduction and available for the practice of economy. That billion and a half we are attacking with our most trenchant weapons—coordination and cooperation, which spell teamwork and mean economy.

There are today forty-three departments and independent establishments in the Government. It was found in the early days of the budget that the greatest source of loss and waste in the federal service was the entire lack of coordination and cooperation not only between departments but between bureaus within departments, between divisions in the bureaus and branches and sections within the divisions.

This demanded the setting up of coordinating machinery, which was effected by executive order creating a chief coordinator, and subsequent executive orders establishing under him various coordinating agencies to deal with the larger functions of the Government's routine business.

A very apparent source of waste in government operation was in the field of printing. To meet this need a Permanent Conference on Printing was established, constituting the personnel in the federal service who had to do in their own immediate departments and establishments with this matter of printing. This coordinating agency immediately developed uniform methods that resulted in greater economy, cutting out embossed letterheads, fancy calendars and other expensive and unnecessary printing, reducing the cost of rush work and authors' corrections, and reducing the cost of annual reports, effecting a total reduction for 1923 as against 1922, of \$260,000.

The next board appointed was the Federal Liquidation Board, which introduced business policies into the selling of the accumulation of war munitions. They are just closing out what may very properly be termed the most colossal selling effort in history. The board has liquidated surplus property valued at \$3,691,002,762, for which \$1,282,492,909 has been received. It has transferred between federal agencies supplies valued at \$357,614,823, at a saving of something less than \$100,000,000 to the Government.

There are six other of these coordinating

boards. The Federal Traffic Board coordinates the Government's transportation activities. The Government paid for transportation of its personnel and supplies in 1923, \$141,000,000. This board is systematizing the Government's methods of handling its traffic and has effected great savings. The Inter-departmental Board of Contracts and Adjustments has issued a standard government lease and will soon promulgate a standard government construction contract and supply contract.

The Federal Specifications Board, another one of these coordinating agencies, has issued 133 standard specifications and has committees at work upon other materials which cover practically the entire field of commodities used by the Government. These standard specifications, by cutting out all requirements for special fabrication, are effecting great savings to the Government. Its specification for a specific kind of varnish is saving the Navy Department \$90,000 a year.

The Federal Real Estate Board clears all requests to lease property. No agency of the Government can hire space of any kind without first ascertaining through this board that there is no Government-owned or controlled space available for the purpose.

The Federal Purchasing Board is bringing the Government's purchasing methods up-to-date and in accord with acknowledged business practices. For the first time in history purchases for all agencies of the Government are being made on a consolidated contract, so that we are securing the advantage of competitive bids on large quantities and the benefit of better prices because the supplies are ordered, delivered and paid for in a definite period in place of a series of small, indefinite transactions scattered over an entire year.

These coordinating ideas as developed in Washington are applied in the field by seven area coordinators also detailed from the federal service. The country is divided up into seven so-called areas, in each of which is stationed one of these area coordinators. Under these area coordinators have been organized 84 Federal Business Associations made up of personnel in the federal service in the larger cities of the country under the direc-

tion of the coordinator for that particular area. They discuss matters of common interest, work out economical procedures and assist the area coordinators in giving the Government the best and most economical use of all of its personnel, talent and equipment in their particular localities.

Under the area coordinators, working through these Federal Business Associations, each Christmas season the Post Office trucks are supplemented by other trucks loaned by other federal agencies, the saving in 1922 amounted to something more than \$60,000 after deducting the cost of operation. This last Christmas the saving was something in excess of that.

In the larger centers government transportation, whether it be trucks, automobiles or launches, or other kinds of craft, are pooled to the extent that the area coordinator, on request from any agency, gets in touch with other agencies of the Government that have such transportation available and have it provided for use so as to obviate the necessity of going into the market and hiring commercial transportation. In this and other ways from September 1, 1921, to November 30, last, the area coordinators effected savings amounting to \$1,518,000.

Saving a Hundred Million

AT THE June 18, 1923, meeting which I have heretofore referred to, President Harding discussed the policy to be followed in the preparation of estimates for the fiscal year 1925, which began with July 1, 1924. President Harding called attention to the fact that exclusive of amounts required for the interest on and reduction of the public debt, and for the Post Office Department, appropriations for the fiscal year 1924, for all other purposes, amounted to \$1,826,000,000. He announced that for the same purposes the estimates for 1925 should carry not in excess of \$1,700,000,000. This was a reduction of \$126,000,000 below what had been appropriated for this current year.

Appropriations for 1923 were \$295,000,000 less than for 1922; appropriations for 1924 were \$116,000,000 less than was appropriated for 1923; while this proposed reduction meant that for 1925 there should be appropriated

\$537,000,000 less than was appropriated in 1922.

In pursuance of this policy, which President Coolidge endorsed and made his own, the director of the Bureau of the Budget called on the various agencies of the Government to submit estimates for 1925, to be in his hands not later than August 1. These estimates totalled \$1,964,000,000, which was \$264,000,000 above the maximum fixed by the President.

The Bureau of the Budget, after extensive hearings and a careful revision of the more than five thousand items carried in these estimates, without taking into account the innumerable sub-items, recommended to the President for 1925 estimates totalling \$1,645,000,000—\$318,000,000 less than the amounts called for by the departments and \$55,000,000 less than the President's maximum. That was the estimate that was submitted to Congress. The total estimates submitted, including the public debt items, but omitting the Postal Service, practically self-supporting, amounted to \$3,018,000,000.

It is very apparent that if, as would have been the case in pre-budget days, the original estimates had been submitted to Congress carrying an additional amount of \$318,000,000, the President would not have been able to recommend a program of reduction in taxation.

The estimates of receipts for 1925 as prepared by the Bureau of the Budget total \$3,693,000,000. The estimated expenditures as prepared by the Bureau of the Budget total \$3,298,000,000, which is approximately \$267,000,000 less than the estimated expenditures for this current fiscal year. These estimated expenditures, of course, will be affected by such legislation as may be enacted which makes further call upon the Treasury, but it is understood that the policy of balancing the budget has been permanently removed from the field of doubt and debate and that whatever the legislation may be as to reduction of taxation and as to legislation that adds additional expenditure, it will be the effort of the Bureau of the Budget acting under the direction of the President, to make such cuts in the expenditure program as will permit a balanced budget and no resort to additional taxation.

The Statesmanship of Business

By Sir ESME HOWARD

British Ambassador to the United States

BUSINESS men generally have a poor opinion of the unhappy diplomatist. I shall never forget, after I passed my first examination for the diplomatic service and felt unusually pleased with myself one kind friend saying:

"I expect you will do all right for that service."

I asked why, and he said:

"Well, I once knew a diplomatist who rose to the highest place. In his youth he had been trepanned in a foreign capital. Many years after he returned there as ambassador and found the surgeon who performed the operation."

"One night they dined together, and over coffee and a good cigar the surgeon confided to the ambassador that during the trepanning he had taken out his brain to clean it and put in cotton wool instead temporarily. He had unfortunately forgotten to replace the brain. He politely hoped that the ambassador had suffered no inconvenience."

"On the contrary," answered the latter, "it has never interfered with my promotion."

That is the sort of unkind story that men

outside our much maligned service used to tell of us at home, but at least it has one compensation, which is that business does not expect too much of us.

I read recently a most interesting address delivered by Willis Booth, president of the International Chamber of Commerce, to the British Empire Chamber of Commerce in New York on the subject of practical international cooperation in commerce, transport, and finance, in which he explained what had been done since the war by international conferences of business men for the reconstruction of the world. He told how that international body had been formed from different commercial and industrial associations in various nations. He informed us how the international chamber had been able to get accepted certain fundamental principles relating to exchanges, by which it was hoped to establish an element of stability out of which

it would be possible eventually to form these elements of credit which will gradually bring back stabilization.

He told us how a Court of Arbitration had been formed in Paris which is now sitting almost daily on disputes arising between traders of different nations due to exchange differentials, abrogation of contracts and confusions of one type or another. This court settles rapidly accounts of very large character which business men bring to the arbitration court when recourse to ordinary courts of law would involve long and expensive litigation.

The International Chamber is also now considering the very vexed question of double taxation, which causes such difficulties to international trade.

It is further cooperating with the Economic Section of the League of Nations in regard to this and other matters, such as the most important one of improving the character of the customs regulations adopted by many states after the Peace of Versailles, which were seriously interfering with the free movement of trade in Europe and retarding eco-

conomic regeneration. They were doing the same thing with regard to communications and transport. In fact there seems to have been no branch of international trading which they have not touched.

At the end of his address Mr. Booth said:

Finally we are going to reach the point where the economic side of the relations between peoples is more important than the purely political side. That is largely due to the fact that the areas of the world have been entirely consumed and the allocating of people largely determined upon so that now they have got to live together, and this question of making them live together is going to be on economic lines.

Now, I confess that this is the first time that I have heard of this work of the International Chamber of Commerce for clearing away difficulties that have arisen in the way of the free course of trade. The setting up of a commercial and industrial arbitration court in Paris to pass on misunderstandings and give interpretations of disputed points of international trade law, seems to me to be an achievement of the highest importance.

But I venture to think that this, good as it is, is not enough. It is necessary in order to establish real confidence and a feeling of security that statesmen, educationalists, journalists and practical men of business should strive to convince the great public all the world over that there can never be recovery and reconstruction of a thorough and abiding kind until all unite to create and to produce the will to peace; to remove the desire for revenge on the one hand and the fear of revenge on the other; and to show that, while accepting the ordinary competition of trade which is a part of the natural order of things, no nation desires to take any unfair and improper advantage of the other.

Trade in War and Peace

IT SEEMS to me that it is especially to the interests of business men that this sentiment should rule. It is often said that international trade is a great peacemaker. It should be, but it has not always been so. Indeed, I think that as often as not, wars have been caused rather by the desire to capture great areas for trade and to monopolize them. We may say the same of the last war, which was indeed engendered by the effort of Germany to obtain possession of the great trade routes of the East, which caused her to clash with Russia for the domination of Constantinople, for the possession of great trade routes must always be one of the main causes of dissension and suspicion.

A probable cause of serious trouble for the world at large has recently been, I hope, prac-

tically eliminated by a conspicuous act of international political cooperation. The countries up to now principally interested in the future of Tangier have lately signed a convention, the object of which is to internationalize that port, which naturally dominates the entrance to the Straits of Gibraltar, and thus to prevent its falling into the hands of any single great power. The negotiations which led up to this convention were arduous and difficult; and it may be hoped that, even if the Statute of Tangier as established by them is not perfect and may require modification, it will do much to further general peace by removing at least one bone of contention.

Removing National Temptations

THE TANGIER convention has probably not received the attention it deserves, because few people outside those directly interested understand the enormous importance of it. It is the first bona fide effort on the part of European powers to internationalize a danger spot, a Naboth's vineyard, and thus to remove temptation from themselves and others.

All those interested in trade and commerce ought to feel gratified at the success achieved by the three powers engaged in these negotiations—Great Britain, France and Spain—because the value to the trade of the world of securing Tangier as an international port with a door into a naval base which might close the free entry and egress of the Mediterranean can hardly be expressed in words.

If business men in various countries understood the importance of the economic future of Russia they would urge some common line of action. That immense country, with its 150,000,000 inhabitants, its vast natural resources and its great waterways, is not going to remain permanently out of business. It is indeed, by a gradual process of evolution in accordance with natural economic laws, returning to normal conditions. But the great question of the future is who is going to help Russia to recover and how is this to be done? In asking this question I do not propose to refer to any particular political action on the part of any government. Now in Russia, if anywhere, there is room for all to help.

Here then is a case where international cooperation is urgently required if one of the gravest problems of the world is to be satisfactorily solved, and it is one in which I think business men of America should be particularly interested. Not only will Russia be, as soon as confidence has been reestablished in her government, a great field for the investment of capital, but also it will be a vast field for young men of energy and brains. It will be necessary to train such men to go there and take hold of business, start factories, set up power stations, build railroads. Something in this direction is already being done in England, but it seems to me important that America also should share in this work.

The training of these young men will take time, and I cannot help feeling that here in America it would be of the greatest value if special Russian courses could be opened at the universities for the study of the Russian language, history and economic conditions. Here is a subject with regard to which America might indeed come to the help of Europe without any dangerous political commitments or entanglements. Here is a work which might even be directed by international cooperation.

For the sake of prosperity generally, it is becoming increasingly clear that all business, whether agricultural, in-

dustrial or financial, hangs together all over the world. Russia can no longer buy Indian tea as formerly, so India cannot buy British cotton textiles to the extent she did. The result of this is that Great Britain cannot buy so much American cotton; and the American cotton growers are hit because the Russians cannot pay for tea; and so it goes on; it is all interlocked. We cannot get way from it—and, therefore, I repeat, these questions of international cooperation for a general reconstruction are of the deepest interest to business men and deserve their closest attention.

There has been, I think, a tendency in this country to believe that in Europe we wished to call on the New World not so much to redress the balance of the Old as to redress its bank balance, and there has been some not unnatural resentment on this account over here. To some extent this is true—I will admit it—but at the same time if you look deeper down, you will see that if you do help by reasonable means, as for instance by the cooperation of the American experts in the Paris Committees on Reparations, to restore the bank balances of the Old World, you will be doing yourselves no harm but rather great good, which will be measured not only in terms of bank balances, and these are after all not the greatest things in the world—but in terms of friendship, good will and peace among the nations of the world.

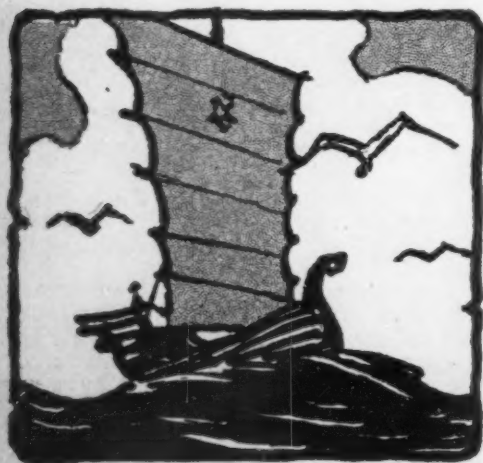
For this cooperation I believe that a good understanding between the two great English-speaking commonwealths—the American Republic and the British Empire—is almost a fundamental necessity. Working in harmony together, with the aim of establishing peace, we can more easily persuade others that the only way to reconstruction is by reestablishing confidence; and the only way to confidence is by gradually eliminating fear and suspicion, which breed hate and distrust.

Cooperation Without Entanglement

SUCH an understanding needs no entangling alliance, it needs no signed documents, it needs no commitments for the future. As the present Prime Minister of England has well said:

America and ourselves—we want no alliance, we want no documents—America and ourselves are in the position of two peoples that in spirit, by reason of those great moral and spiritual forces that are demeaned and narrowed by being written down on paper, are prepared to stand side by side, not in political alliance, but in human fellowship to help each other.

And to this I should like to add, if I may do so without impertinence, "and to help others as well."



Justice for the Trade Association

By Col. GEORGE T. BUCKINGHAM

THE IDEAL situation in any industry, from the standpoint of the average citizen, is that there be produced in any given period approximately such an amount of that product as shall be required by normal consumption.

But those associations which have been most active and most in the public eye have dealt with the distribution side of the business. The object, and the sole object, of the business man or the business entity who produces goods is to sell them, and sell them at a profit.

Hence the marketing and sale of products is by all odds the most important part of any business.

If more is produced, there will ensue excessive cutting of prices, consequent loss of profits, waste of capital, and all the familiar train of economic evils which come from overproduction.

If, on the other hand, there is underproduction in the aggregate, of that given commodity, there will be inflated prices, undue profit and extortion from the public.

It becomes, therefore, of the greatest importance, first to the producer and second to the consumers, that there should always be maintained, in the aggregate, some sort of approximate balance between production and consumption. That result can be accomplished only by the producers, separated and isolated as they are, being kept constantly in possession, of what may be termed "the statistics of production and consumption."

Brought about by these obvious and logical considerations, the average trade association, therefore, has for its major activity the collection and distribution of trade information, in the form of statistics.

These statistics are, of course, varied and different in different industries; but they relate usually to productive capacity, quantities produced, quantities shipped, stocks remaining on hand. This information is usually reported to the association by the individual members, on blanks provided for that purpose, at intervals, and for periods, daily, weekly, monthly, or quarterly, as the case may be.

When this scattered and isolated information is thus assembled, it is tabulated by the association, also on blank forms, and reported back to the individual producers. Each of them is then in position to know the state of production, shipments, consumption, stocks on hand, and generally the state of the market.

The inevitable tendency of this diffused information is to reduce the curves of overproduction and underproduction and to stabilize the market situation.

The information collected, disseminated and published, by a proper trade association is historical. Whether it relates solely to quantities shipped, produced and on hand, or whether it also relates to sales prices, it describes the past and not the future.

In a proper trade association no agreement on the future action of any member as to production in the future, or as to sales price in the future, is or can be based on such statistics. Each member is and must be entirely free to use his own individual judgment as to his own future acts, and his own future course, unhampered by any agreement.

The association collects and furnishes the member the history of the past month, and the member charts his course for the next month, as he individually sees fit. If that

course is influenced by his statistical information, it is history and economic facts and his interpretation of them which are influencing his acts, and not an agreement with other producers.

And right here I differentiate between the "trade association" with what I conceive to be its proper statistical functions, and those mushroom growths which spring up over the land called "open price" associations and "Eddy plan" associations.

Many of these collected and furnished nothing except price information. In a typical instance each member filed with the secretary a current price list, and agreed not to change his price without notifying the other members of the association.

Such a plan, of course, is tantamount to a general agreement on future prices, and is far removed from the normal and proper collection, publication and use of price statistics.

Many of these "open price" associations came into existence, through professional promoters, whose advice was neither safe nor sound. Some of these professionals maintained an office organization and acted as an "association."

Gathering Data No Wrong

UNFORTUNATELY for the real and genuine "trade associations," many of the earlier cases which have been passed on by the courts, were of this "open price" kind; and others were cases in which the association, although on its face a normal and ordinary statistical bureau, became a mere instrument behind and through which the membership were conducting concerted and illegal activities.

All will agree that competing manufacturers who have gathered and disseminated statistical information have no legal right to enter into agreements to limit production, or to fix prices for future sales.

But it is the agreement to charge a uniform price in the future which is, or should be, the objectionable act, and not the gathering and dissemination of statistical information relating to sales already past.

But, as in every great question, during the time its underlying principles are being gradually aired and elucidated, cases will come to the courts which do not involve these elements of price-fixing, but which will bring sharply before the court the propriety of a trade organization, which in good faith and without ulterior or hidden agreements gathers and disseminates statistics.

It has always been my belief that the law should be that such actions are proper. In the end I believe that it will be so held.

It seems to me that all the people who produce, for illustration, iron, have a right to know, and by mutual and concerted action through a trade association, to ascertain and publish, how much iron was produced yesterday in the United States or in any region, how much iron stock was on hand, how much iron was sold and shipped, and what prices iron was sold for, and where.

It is true that the producers of iron, having such published information, are not by law entitled to agree that next week they will reduce output, or that next week they will all charge \$28 per ton. And they should not by law be permitted to make or execute any such agreements.

It seems to me that such an association of

iron producers differs in no wise in principle from the Board of Trade, which records yesterday's sales of wheat and corn, the estimated acreage, the state of the crops, and all other information which will naturally affect the price of, and the market for, grain.

It seems to me that it differs in no respect from the Stock Exchange, which records yesterday's sales prices of listed securities.

It is true that if there were no Stock Exchange, a man could still sell and buy securities; but the same bond would sell on the same day for one price in New York, another in Baltimore, and a third in Chicago.

There would be an inevitable variation of prices and a blind and unintelligent competition between the sellers and buyers unaided by the information of yesterday's transactions.

It seems to me that the manufacturers of iron, of cement, of wood, of coal, of anything, and the public which consumes these commodities, are entitled to be in the same position as those who buy and sell securities or those who buy and sell grain.

I believe that this view is held by the Department of Commerce of the United States Government, and by most economists who have studied this question. I hope that it will ultimately be held by the Supreme Court.

But I am forced to record the fact that no less an authority than those who are assistants to the Attorney General of the United States and in charge of so-called "anti-trust" prosecutions for the United States Government at this time do not hold this view.

These gentlemen advocate in the courts that the gathering and dissemination of statistics by competing producers, does necessarily have some effect upon the individual conduct and judgment of the competitors, notwithstanding there be an absolute absence of agreement to fix prices, to limit production, or to do anything in the future; that therefore the gathering and disseminating of statistical information, even though it relates entirely to past events and completed transactions, are *per se* illegal.

There have been injunctions entered by some lower courts adopting this view and absolutely prohibiting the gathering and dissemination of statistical information.

Meanwhile the business community is in a state of unrest and uncertainty, while the wheat is being separated from the chaff.

The views I have here expressed are those held by the Department of Commerce. That department has done everything possible to make the trade association the useful and valuable instrument which by rights it should be.

But the Department of Justice, now or very recently, has held the exactly opposite view, that competitors cannot legally and properly compete in the sunlight of known facts; that competitors should compete unintelligently, and in the dark.

It is my belief, however, that this view is an ephemeral and passing incident. I confidently believe that the proper trade association of the present era is here to stay; that those illegal and improper activities which in some instances have been connected with it or have grown up beside it will be weeded out, and will gradually disappear; that the proper outlines and limits of these activities will ultimately become firmly fixed and standardized in business and in law; and that in the end the thing we call the "trade association" will be a powerful instrument for good.



The Fifteen Commandments of Business

By Judge EDWIN B. PARKER

Umpire, Mixed Claims Commission, and Chairman, Committee on Business Ethics, Chamber of Commerce of the United States

BUSINESS has formed and is forming habits of straight thinking and right acting, because they are in the last analysis economically sound habits. Its standards are reflected in the growth and development of the enlightened civilization which it has to a very large extent contributed toward producing. These standards are in no sense experimental. They are not new. But it will serve a useful purpose to collate, interpret, and codify the habits and rules and standards which already exist in the minds of American business men and to construct therefrom a practical, ethical, business platform. A code, or a creed, or a statement of principles of business conduct—call it what you will—is essential to securing approximate uniformity in thought and action amongst groups composed of numerous units. These considerations have influenced the Committee on Business Ethics of this chamber to present a unanimous report in the form of a simple statement of fifteen fundamental "Principles of Business Conduct."

In considering them it is important at the outset to have clearly in mind the function of business. It is essentially creative and constructive in its nature. Its function is to produce, distribute and provide for all the material requirements of man and to increase the wealth of the world and the value and happiness of life.

The successful performance of this function is a high order of public service.

Individual profit is its direct reward. But it is important that the function of business should not be confused with the motives which may prompt an individual to engage in it, just as the functions of the legal, the medical, the educational, the political or the engineering professions should not be confused with the motives which prompt individuals to engage in them.

Where an individual engages in business or enters and pursues the professions of law, medicine, or engineering, if he has ability and employs it unremittingly and efficiently, he may make money; but that is not the reason for, or the measure of, his success.

Business in the abstract, as distinguished from the individual enterprise, must have a basic purpose, which is to provide for the material needs of mankind. The immediate end may be profit to the individual engaged in serving the public. But whenever a business institution ceases to perform the basic function of business, then it is no longer entitled to exist.

Every man owes to himself and to those dependent upon him the duty to earn a livelihood and, where practicable, to acquire a competency. Business owes to no man a living

simply because he elects to engage in it, but only an opportunity equal with every other man to make one—and something more, a surplus, which is wealth.

On the other hand, every man as a member of society whose protection he enjoys, owes to civilization a debt which can be discharged only by increasing the wealth of the world, by putting into life more than he takes out of it, by creating or producing more than he consumes.

It is meet today, as it was 1,900 years ago, that the slothful, who use not their talents but bury them, should, through the operation of economic law, have taken from them even that which they have, further to enrich those who have most and who have demonstrated their capacity and willingness to exercise the godlike power of creating and producing, adding through physical, mental and spiritual effort to the wealth of the world. Wealth, so produced, is property, the title to which inheres in the producer, increasing his capacity further to produce and his corresponding responsibilities to his fellow-man.

No Reproach for Large Operation

WHEN individual gain is a measure of the extent of service rendered, then the greater his gain the greater the value of the individual to the world. Then the term "big business" no longer conveys a sinister meaning, and a great fortune becomes a badge of honor rather than a reproach.

In the early periods of the evolutionary growth of civilization, when commerce was in its infancy, business consisted of personal barter and trade—in the matching of wits in an effort to overreach and secure an advantage. The extent of the activities of an individual was limited to a comparatively small area and as a rule all business intercourse was personally conducted.

It was the exception rather than the rule when two men had numerous transactions with each other. The individual was not prompted, therefore, to establish for himself a reputation for fair dealing and for superiority of his wares.

The rule of *caveat emptor* (let the buyer beware) was the law of business of the Romans. While such a rule may suffice in a primitive civilization, certain it is that no great business enterprise dependent for success on the continued patronage of a vast number of individuals, frequently located in remote quarters of the earth, can be perma-

nently maintained on any such basis. "Good will" has become an indispensable asset in permanent business. Implicit confidence between producers, distributors and consumers is the bulwark of modern commerce. This requires honest effort and scrupulous accuracy in the representation of the product. The greater the business, the greater its need for confidence in order to endure. Hence the first principle:

The Foundation of business is confidence, which springs from integrity, fair dealing, efficient service, and mutual benefit.

The policy of charging the public "all the traffic will bear" if in excess of a reasonable profit, is unsound in principle; and while in isolated and unusual cases it may bring temporary prosperity, it cannot last, for sooner or later an outraged public will take measures to prevent it. The effort should rather be to sell at as low a price as possible to enable the producers to realize cost, plus a safe reserve, and a fair profit, taking into consideration all elements of foresight exercised and risk involved.

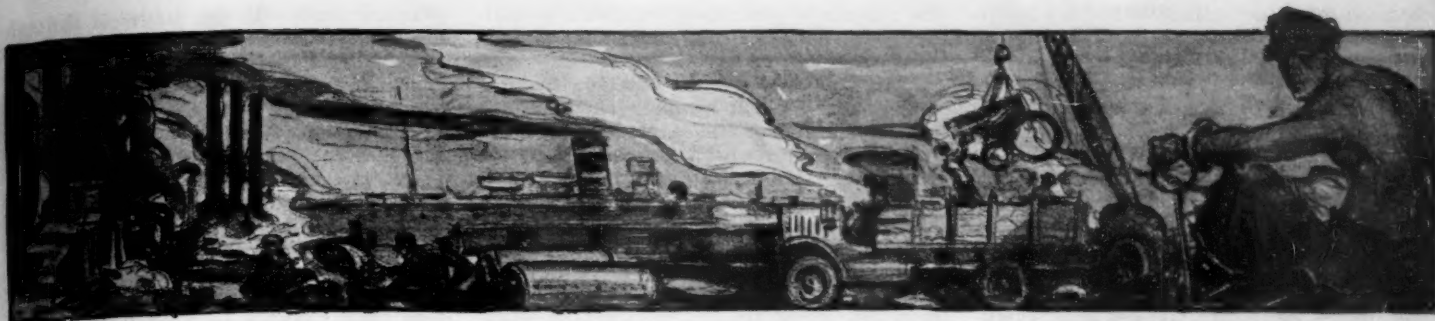
Efficient management and foresight are entitled to reasonable rewards. The risks in business enterprises are diverse for investors, managers, and employees. Losses following from such risks must be borne, not by the public, but by the business taking them, which in turn is entitled to be compensated for the risks taken.

It is in the public interest that a business enterprise should accumulate a reserve sufficient to enable it to continue successfully performing a service notwithstanding adverse conditions, of depression or otherwise, over which it has no control. Therefore, in measuring the reasonableness of returns all of the enumerated factors must be taken into account. Hence the second principle:

The Reward of business for service rendered is a fair profit plus a safe reserve commensurate with risks involved and foresight exercised.

Every business enterprise necessarily utilizes capital, management, the services of employees, and deals with the public. It, therefore, has obligations to capital, management, employees and the public. No business enterprise is entitled to survive, much less to prosper, without discharging its obligations to each of these classes, and enlightened self-interest should prompt each class to deal fairly with all others, because to do so ultimately pays. But when to the gain motive there is added an earnest desire to be of service each to all others, there is begotten a spirit of harmony and cooperation which makes for increased success. From this is deduced the third principle:

Equitable Consideration is due in business



unlike to capital, management, employees and the public.

No business enterprise can be safely conducted, in its own or the public interest, on guesses or inaccurate information. It will fall short in the duty which it owes to itself and to the public if it does not constantly improve the service it renders in quantity, quality and in costs. While it should be prepared to take advantage of every opportunity to reduce the costs of its service without sacrifice to those interested in the industry, it must, on the other hand, have such accurate knowledge of its costs that it can know whether or not it is receiving a proper return for its service. Operation at less than cost, if persisted in, not only means ultimate failure with loss to investors and employees, but the public suffers through being deprived of a service and through the demoralization resulting from an operation economically unsound. Hence the fourth principle:

Knowledge—thorough and specific—and unceasing study of the facts and forces affecting a business enterprise, are essential to a lasting individual success and to efficient service to the public.

It is possible for a business enterprise to earn and also serve only if its purpose is permanency and continuity of service, which in turn requires experienced planning and skilled oversight. To such an enterprise the establishment of confidence, good will and a reputation for excellence in service and fair dealing is essential to permanent success. Hence the fifth principle:

Permanency and continuity of service are basic aims of business, that knowledge gained may be fully utilized, confidence established and efficiency increased.

The obligation to employees is not discharged merely through the payment of wages as they become due. Whether in office or in plant, labor of every class—inventive, managerial, and manual—should be so employed that each individual has every opportunity that the business and his position make possible to increase his ability to serve and the value of the service he renders, to himself, to the business and to the public through the business.

The employer is not only interested in problems of employment; but, whether he so will or not, he is interested in problems of unemployment. Not only in the public interest, but in his own interest, he must, in order to create and preserve a permanent organization and avoid the blighting effects of labor turnovers, provide in some form as continuous employment as the needs of the economic field will permit. These are problems which call for the largest and most far-sighted and forward-looking exercise of individual initiative on the part of business men. Hence the sixth principle:

Obligations to itself and society prompt business unceasingly to strive toward continuity of operation, bettering conditions of em-

ployment, and increasing the efficiency and opportunities of individual employees.

Business enterprises are so closely interwoven and interdependent that the ignoring of the obligations of one frequently has far-reaching effect on others. This fact has amongst others established confidence as the foundation of business prosperity and contracts as sacred. Therefore, no obligations should be undertaken without careful consideration, and when undertaken should be faithfully and fully performed regardless of the immediate consequences due to changed conditions or otherwise. While it is a sound rule that no contract is a good one unless good for both parties to it, still the only time to consider its desirability is before it is made. Hence the seventh principle:

Contracts and undertakings, written or oral, are to be performed in letter and in spirit. Changed conditions do not justify their cancellation without mutual consent.

Flowing as a corollary from what has already been said is the eighth principle, that every

Representation of goods and services should be truthfully made and scrupulously fulfilled.

All Share Community Interest

THE INTEREST of a business enterprise is necessarily that of the community of which it is a part. Enlightened self-interest, as well as consideration of public service, will therefore prompt it to exercise economy in all that contributes toward the creation of wealth. To the extent that such economy in capital, labor or materials, is lacking, the fundamental function of business is lacking. The resultant loss is suffered not only by the particular business enterprise but also by the general public. Hence follows the ninth principle:

Waste in any form—of capital, labor, services, materials or natural resources—is intolerable, and constant effort will be made toward its elimination.

In the last analysis, every business enterprise is directly or remotely related to all others, each being an integral part of a vast and complex economic structure of essential importance to the public. It follows that each has a responsibility and a duty to perform toward all others and that all are to some extent affected with a public interest. Hence the tenth principle:

Excesses of every nature—inflation of credit, over-expansion, over-buying, over-stimulation of sales—which create artificial conditions and produce crises and depressions, are condemned.

Every business enterprise should deserve and command success because of the excellence of its own products and service rather than because of the shortcomings or misfortunes of its competitors. Competition in service is always in the public interest.

But the seeking of a business advantage through efforts directed to harm a competitor is unethical and wasteful and will receive the

unqualified condemnation of all right-thinking men. Whatever form such efforts may take entails economic waste and is repugnant to the public interest. Hence the eleventh principle:

Unfair Competition, embracing all acts characterized by bad faith, deception, fraud or oppression, including commercial bribery, is wasteful, despicable and a public wrong. Business will rely for its success on the excellence of its own service.

War is in its nature essentially destructive. Peace is constructive. The weapon of war is force. The instrument of peace is agreement. The issue of discord and strife in business is economic waste. Therefore, sound business policy requires the speedy and amicable settlement of all controversies between employer and employee, between buyer and seller, between producer and consumer, and among all persons whomsoever. Hence the twelfth principle:

Controversies will, where possible, be adjusted by voluntary agreement or impartial arbitration.

It has been abundantly demonstrated that the corporate form of organization makes for efficiency, the elimination of waste, increase in production, and in the reduction of unit costs. An established corporation has a personality all its own. It has character and individuality. It is a composite of the individuals, whatever their rank or station, who control, direct and manage it. The character which they stamp upon it, the color and form which they give to it, the life, the force, the spirit they breathe into it—these constitute its soul.

Individual responsibility is not lost through corporate action, but, on the contrary, is increased in exactly the ratio that the influence exerted through corporate action exceeds that of independent individual action. The primary obligation of those who direct and manage a corporation is to its stockholders. Notwithstanding this, they act in a representative capacity, and in such capacity owe obligations to others—to employees, to the public which they serve, and even to their competitors—which obligations neither they nor the stockholders can escape through the creation of the legal fiction of an artificial person. From the foregoing is deduced the thirteenth principle:

Corporate Forms do not absolve from or alter the moral obligations of individuals. Responsibilities will be as courageously discharged by those acting in representative capacities as when acting for themselves.

Cooperation among business men in promulgating and maintaining sound standards of business conduct, and acquiring and disseminating knowledge essential to the intelligent conduct of business under such restrictions as will prevent abuses, is in the public as well as private interest. Such cooperation has in it no element of external restraint of trade or commerce, which is both economically unsound and unlawful. It may suggest self-restraint based on knowledge, which when

exercised to enable business effectively to discharge its true function is both lawful and laudable.

No creed or code can or should be static. The complexion of an act changes when its application to changing conditions brings a changed result. Therefore, what is ethically and economically sound and legal today may be unethical and illegal a generation hence. While the principles of business conduct which have been put forward for consideration by this Chamber are designed in the main to lay down general principles which theoretically should be static, business men everywhere must keep in sympathetic touch with changing conditions, economic and otherwise, and be ever ready to enlarge or modify these principles if and when required. Cooperation among industrial, commercial, professional and trade associations generally with this end in view is constructive and in the interest of both business and the general public. Therefore,

Lawful Cooperation among business men and in useful business organizations in support of these principles of business conduct is commended.

The growth and development of business and the progress and well-being of society as a whole, demand unhampered opportunity for individual effort and initiative, which is rendered increasingly difficult in proportion to

the increase in government regulation of business. On the other hand, methods and practices designed to secure immediate gains, without reference to their effect on the general public or their ultimate effect on the business itself, sometimes render imperative restrictive and regulatory legislation in the public interest. Business impatiently resents such legislation. The remedy lies in its own hands. It can, if it will, be governed and regulated by its own rules and principles of business conduct enforced by the most effective of all sanctions—a wholesome public opinion—created and fostered by business itself. Therefore,

Business should render restrictive legislation unnecessary through so conducting itself as to deserve and inspire public confidence.

It will be noted that all of these principles of business conduct have their source in motive of ultimate enlightened self-interest. They do not spring, in whole or in part, from the emotionalism or the altruism of the social dreamer who dimly glimpses a distant vision but points us to no road whereby to reach it. Yet when the objective sought is closely examined, it bears a striking likeness to the vision of the dreamer. By different routes the same end is reached.

It is the aim of this statement of principles of business conduct to reduce the ideal to

practical terms. In this statement the trails are clearly blazed. Practical men can follow them. Let these principles be the creed of American business. Let them be an expression of our ideals to be constantly striven for in a practical way every day in the year. Let them be printed and conspicuously displayed in every business office, counting-room and shop throughout the length and breadth of the land, that every man and woman in business may absorb and live them; that they may form the warp and the woof of the great fabric of our nation's business and extend their influence to other lands.

The fact that the final objective may never be reached is no reason why each of us should not keep constantly striving toward it. The fact that some stragglers may drop out of the ranks only emphasizes the necessity for renewed effort on the part of the rest of us. Business has accepted the imperious challenge to correlate and harmonize the conflicting forces in commerce, trade, and industry. That challenge is to the business man, not to the politician, the schoolmaster, the preacher, the lawyer, or the engineer.

These principles simply express the practical idealism implanted in the minds and hearts of successful American business men, and remove the conventional screen which hides it from the general view.

Belgium, Again in the Workers' Ranks

By BARON de CARTIER de MARCHIENNE

Belgian Ambassador to the United States

BEFORE the World War Belgium stood fifth in rank among your customers in continental Europe, and again today we are fifth in rank, our imports from you last year being over \$100,000,000. I think that you will agree that this is not a bad showing for a small country like Belgium, about one-quarter the size of the State of Ohio and with a population of only about seven and a half million souls—especially after the trying times my country has been through in recent years.

The war put Belgium out of business during four years. We were cut off from the outer world by a ring of German steel. That in itself, with the consequent loss of foreign markets and general dislocation of industry, set us back enormously.

Beyond that Belgium was devastated, thousands of our workmen were deported and maltreated, our machinery was stolen, and our factories were destroyed. Since the armistice, however, by dint of hard work, we have been able to clear away the wreckage, rebuild our manufacturing plants, put our house in order both financially and industrially, and to start business again at the old stand.

The fact that our people have been able to come through this ordeal in such good shape is due in great measure to you Americans. You not only sent us your troops under General Pershing to give the knock-out blow to our common enemy, but all through those four long years of the German occupation, you gave us your sympathy and your moral support, and you contributed munificently to save our civilian population from starvation.

It was a great work, done in a great way, by great men; and foremost among them was another American, the right-hand man of Mr. Hoover, a man whose services to Belgium will never be forgotten and whose high qualities and great ability I know that you all appreciate, for I allude to the president of the Chamber of Commerce of the United

States, Mr. Julius H. Barnes, then president of the Grain Corporation.

The whole-hearted and unselfish devotion of Mr. Hoover, of Mr. Barnes and of their fellow-workers of the Commission for Relief in Belgium, the generosity and munificence of the whole American people, and the spirit of friendship which animated them, have won the undying gratitude of all my fellow-countrymen.

When we emerged from the war we were "somewhat disfigured but still in the ring," and we set about immediately to "mop up" and to put our house in order.

For the first few years it was very up-hill work. In the absence of any substantial reparation payments from Germany we had to go down into our own depleted pockets to get the money for restoration and for rebuilding our plants. Furthermore, as we are largely an industrial and manufacturing nation, we could not produce until the factories had been rebuilt and reequipped. Everything was going out of our pockets and nothing coming in. However, when our factories got going, about 1920 or 1921, the corner was turned, and since then we have made extraordinary progress. Today production in the principal Belgian industries has reached normal quantity and in many instances has gone above the pre-war level.

As our Minister for Foreign Affairs, Mr. Hymans, recently said:

Whereas in 1919, and even as late as 1921, our industries had reached only one-fifth, or one-quarter or one-third of their normal production, the output of our principal industries today has risen above the pre-war level, as, for example, in the production of coal, the manufacture of coke, the metal industries, iron, finished and unfinished steel, laminated zinc, textiles, glass, chemicals, diamonds and many others.

Moreover, we are today paying more

attention to the production of articles of higher price-value.

For example, we are

producing less "spelter" but more laminated zinc. In the year prior to the war the proportion of manufactured articles in our total sales abroad was only 38 per cent; in 1922 it had advanced to 58 per cent, and in December of last year it had risen to 62 per cent.

The most important raw material produced in Belgium is coal. The output of coal in 1913 was 22,800,000 tons, and the production last year was more than that quantity. For this year and succeeding years we expect a large increase in our coal production on account of the development of a new coal field in the eastern section of Belgium which is just entering the productive period.

This new coal field underlies a large area; the coal is of high quality, and some of the veins are ten feet thick, which is extraordinary in our country, where we are accustomed to work small veins. Coal production in this new field, which is known as the Campine district, has risen from only about 11,000 tons in 1917 to over 800,000 tons in 1923. Experts estimate that within a few years the output of this region alone will amount to from ten million to twelve million tons—a 50 per cent increase to our present coal production.

This new coal field is not only in itself a valuable addition to our national wealth, but the presence of this fuel has caused new industries to spring up in this section of Belgium, which heretofore has been comparatively unproductive and which is now becoming a hive of industry. Among the many new plants erected there I may mention a new glass factory for utilization of the American system, known as the Libbey-Owens process. This plant is, I believe, the largest of its kind in Europe; it occupies about 200 acres of ground, of which 38 acres are covered by the plant buildings.

It is estimated that within a few years

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this new industrial development in the Campine district will double the present amount of Belgian exports.

While speaking of natural resources, I may add that Belgium has a most valuable source of raw materials in her African colony, the Belgian Congo; and these are being developed very rapidly. Besides the usual tropical products, the Belgian Congo is especially rich in minerals, including gold, copper, tin, diamonds, coal and radium ore.

Wealth of the Congo

WHEAT and cotton are also being cultivated there, and the governor-general of the eastern province of the colony has estimated that within ten years that province alone will be able to ship 100,000 tons of cotton annually to Belgium—enough to supply all the spindles of Flanders. The Congo gold is mined chiefly by the government itself and is sent to Belgium to be added to our gold reserve in the National Bank of Belgium. The radium ore is also shipped to Belgium for treatment at a new plant in the Campine district; it is of such rich quality and the deposits are so extensive that Congo radium now controls the world market for that valuable mineral.

The Congo diamond fields are being developed chiefly by a company in which Americans are largely interested, both financially and as practical mining engineers on the spot. These diamond fields were discovered only a few years before the war. The production of Congo diamonds in 1913 was only 15,000 karats, but the output has now increased to 300,000 karats or more per annum. These diamonds are shipped to Antwerp, where the diamond trade gives employment to some 15,000 workmen.

One of the very satisfactory features in the recovery of Belgium—and it is also an indication of our industrial activity—is the fact that we have no unemployment problem. All our workmen are busy. The statistics show less than 2 per cent of unemployment, which is less than the normal pre-war amount.

The return to normal conditions in our industries has enabled the Belgian Government to put its finances on a sound basis. In the first few years following the war, before business got on its feet, we had to proceed slowly with taxation. We couldn't impose additional taxes until there was some-

thing to tax—something that could pay taxes and still prosper. Taxation has been imposed gradually and progressively, however, until now the receipts from taxation are eight times the amount of pre-war collections. This has enabled the government to balance its ordinary budget for the current year.

Moreover, the budget estimates have been so conservatively made that, judging from actual receipts since January 1, the ordinary budget will probably show a surplus of about half a billion francs at the end of this year—an amount sufficient to cover certain necessary extraordinary expenditures for workmen's houses and other productive improvements.

At the same time the Belgian Government has consistently followed out its policy of deflation. Not a single bank note was issued last year as an advance of any kind to the government: on the contrary, during 1923 the government reduced its floating debt by 778,000,000 francs and added 175,000,000 to the sinking fund for amortization of the public debt.

Bled by Germany

WE HAVE, of course, been very much hampered by Germany's failure to pay us any substantial amount on reparation account. Nevertheless, as I have already indicated, we have been able not only to "carry on," but to get gradually into better financial condition. In addition to our very heavy indirect losses brought about by the German invasion, our direct material damages amount to about \$3,000,000,000. The amount of reparations awarded us by the international agreements of 1921 was a little over two and a half billion dollars, but up to the present time we have received from Germany only \$345,402,000. That is to say, in five years we have received only 14 per cent of the amount awarded.

Last August, Belgium, in order to arrive at a definite settlement, offered to reduce her claim against Germany to approximately one and a half billion dollars, which is about one-half the estimated cost of our reconstruction and much less than half of the total damage, direct and indirect, suffered by Belgium.

We felt that, in justice, we were entitled to full reparation, but as practical people we were willing to make a large sacrifice in order to get the matter settled and done with

and to know exactly "where we get off." There is almost nothing worse in business than uncertainty. Our suggestion was not accepted at that time, and it was with real satisfaction that we have welcomed the work of the Dawes Committee, which seems to provide a practical solution of the problem.

The Belgian Government has approved the Dawes report, and we are anxious to see it put in operation at the earliest possible moment. The recommendations are particularly pleasing to us in view of the fact that they embody the chief features of the plan which the Belgian Government itself proposed in August, 1923, for the utilization of the German railways and other economic potentialities as sources of revenue applicable to reparations payments.

In the past few months there has been a systematic "bear raid" against both the Belgian and the French franc, and incidentally the "bears" got pretty well torn up. One of the "bear arguments" was that Belgium had an "unfavorable" commercial balance—that our commercial exports were less than our commercial imports. That is quite true, but Belgium has always had a similar "unfavorable" commercial balance, the apparent deficit being more than counterbalanced by the "invisible exchange" arising from the return from Belgian investments abroad.

Commerce "Bulls" Franc

BELGIAN interests and Belgian investments abroad have always been extensive. Nobody will deny that Belgium was prosperous before the war in spite of an apparently "unfavorable" commercial balance; yet today Belgium's visible commercial balance is actually more favorable than in the height of her prosperity in 1913. In 1913 the ratio of Belgian commercial exports to imports was 73.6 per cent, and in last December it was 81 per cent; so our present visible commercial balance is much more favorable than in the prosperous pre-war period and is, in reality, a "bull argument" on the Belgian franc and on the country itself.

Belgium still has some hard work cut out for her, but we believe in the old motto, "Labor conquers all things." In the meantime we want to remind you that we are again doing business at the old stand, and that we have out the sign, "No Interruption to Business Pending Repairs and Improvements."

Cotton, a Social Problem

By ALFRED STONE

THE HISTORY of cotton divides itself into three periods—the slave-labor era, from the time cotton was first grown in South Carolina down to 1865; the period from the close of the Civil War down to 1894, the first year in which the American cotton crop approximated 10,000,000 bales; and the period from 1894 down to the present time.

The second era witnessed the expansion of the state of Texas into a cotton-growing empire itself. It witnessed the final spread of cotton throughout the cotton belt, and 1894 witnessed also the appearance of the boll weevil as the greatest American cotton pest.

The third period has been marked by tremendous fluctuations both in yield and in price. It has been marked by the appearance of very considerable labor troubles and by the development of distinct efforts in the way of improvement in the way of cotton production. The area devoted to cotton has steadily increased throughout that period from 23,000,000 acres in 1894 up to as high as

40,000,000 acres. In 1904 it reached 30,000,000. At the same time the yield per acre has shown steady decrease. For example, during the two decades of this 30-year period—that is, from 1894 to 1914, the average yield of the entire cotton bale per acre fell below 175 pounds per acre only four times. It equalled or exceeded 200 pounds per acre eleven times in that period—that is, during the first 20 years, from 1894 to 1914. From 1914 down the yield has equalled or exceeded 175 pounds per acre only twice, and in no single year has gone higher than 178 pounds.

I am not orthodox on the boll weevil proposition. The boll weevil is not the limiting factor in cotton production by any means. If this were true, it would follow as a logical sequence that final control of the weevil would mean such an oversupply of American cotton as would glut the markets of the world. If

this were true, then the control of the weevil would be a calamitous thing for the cotton-grower instead of a benefit.

We have only to glance at the fluctuations of this crop prior to the appearance of the weevil to see the significance of my suggestion. The pendulum of production swung back and forth before the weevil appeared, just as it will continue to swing after he has ceased to be a subject of discussion. Why, then, should I emphasize this period with reference to insect pests? Because the presence of the weevil lends large additional importance to every other factor in cotton production. With a heavy weevil infestation each of these factors immediately assumes a significance greater than it possessed before.

The most important single factor in cotton production remains what it has always been—that of weather. I have more than once expressed this opinion: that it was entirely possible for the south to produce another bumper crop notwithstanding the weevil.

vil. This is not likely to occur, but it is always a possibility.

From still another angle, the most important factor may be said to be that of labor. American cotton has been so long associated in popular imagination with the negro that its production as a negro function has become one of our most cherished traditions. As a matter of fact, cotton has always been produced by white labor. The proportion thus produced has steadily increased, until today it is well within the limits of conservative statement to say that by far the larger portion of the crop is grown solely by white people.

Cotton a White Crop

AMERICAN cotton production is now passing through a process of labor transformation no particle less vital and far-reaching in its results, even though less spectacular, than was the transition from slave labor to free. It is a movement fraught with large consequences for the American negro, for its ultimate conclusion will determine in what degree his economic life will be revolutionized in the direction of his elimination as an important factor in cotton production. The removal of the negro from rural to urban life, if it should actually take place, would be a social and an economic tragedy of far greater significance to him than to the white man.

Southern fields will still be cultivated. Cotton will still be grown. As the negro moves out, the white man moves in, and never yields the ground thus gained. Such problems and changes wrought out on so vast a scale require the processes of years for their determination. The negro still holds much of his own destiny in his own keeping. But it is an ill-considered view which fails to realize that in the long run cotton production is a far more vital thing to the southern negro than the negro is to production.

One of the most significant facts of the closing years of the present period is a definite and widespread movement in the direction of the marketing of cotton by means of such agencies as cooperative marketing associations. The grower thus enters the field of distribution and ceases to be a producer only. The movement is, of course, still in its experimental stages. Cotton growers are highly individualistic by habit, tradition and environment. If the producer can by this means render a service both to the trade and to himself, the experiment will succeed. If the movement attempts to contravene the law of supply and demand, or if it fails to render the service reasonably expected of it, then will it fail, and properly so.

These cotton associations have thus far, on the whole, been well managed. They

mark a step forward in the problem of distribution. They have been highly endorsed by very many bankers, business men and agricultural economists. They are not in any sense hostile to the manufacturer or other handlers of cotton. In any equitable consideration of the complicated problem of American cotton production they are clearly entitled to consideration on their merits. Henry Ford is doing his best, or is having it done for him, to throw monkey wrenches into the farmer's cooperative selling machinery, at the same time posing as the original farmer's friend. If his attacks can destroy them, they do not deserve to succeed.

Accurate Data Needed

THE CHAMBER of Commerce, through a proper department of its activities, can render a distinct service to the south and to the country at large. Through its affiliations with local chambers of commerce through the south it could develop a system whereby it could secure accurate first-hand information as to cotton and general conditions in the cotton belt as frequently as need be, and disseminate this information through other parts of the country. Probably in no other branch of American agriculture is accurate information more desirable. Certainly in no other is it more difficult to obtain.

The Blight of the Packers' Act

By JAMES E. POOLE

Associate Editor, *Breeders' Gazette*

THE PACKERS and Stockyards Act was advertised as an elixir for such evils as affected livestock production. Results show it to be nothing but a nostrum. In two years all it has accomplished is swelling the national payroll by about half a billion dollars annually. Before its enactment, packers' securities were held largely by small investors, who have taken alarm over the possibility of strangulation by bureaucratic control. And in damaging the packers' credit, vote-seeking politicians have naturally injured rather than benefited producers, the present condition of the hog market reflecting this in no small measure.

The thin edge of the formidable wedge of bureaucratic, which is synonymous with political, domination of all business, is at the present time being entered in the case of the livestock business. If it succeeds, other businesses will be enmeshed, the evident purpose of the bureaucrats being to attack each in turn.

The pending investigating of the purchase by Armour of the Morris physical assets is another evidence of the activity of bureaucracy and also of waste of public money. Elimination of the Morris concern as a competitor in the livestock market was inevitable

at the time Armour acquired its physical assets. That transaction really averted serious disorganization of the whole packing industry which would have exerted a kick-back on producers of livestock.

The Attorney General declined to take the matter into court, realizing that no cause for such action existed; but the incident afforded an opportunity for bureaucracy to disburse more public money. Despite the findings of the Secretary of Agriculture, they can have no effect on the so-called merger.

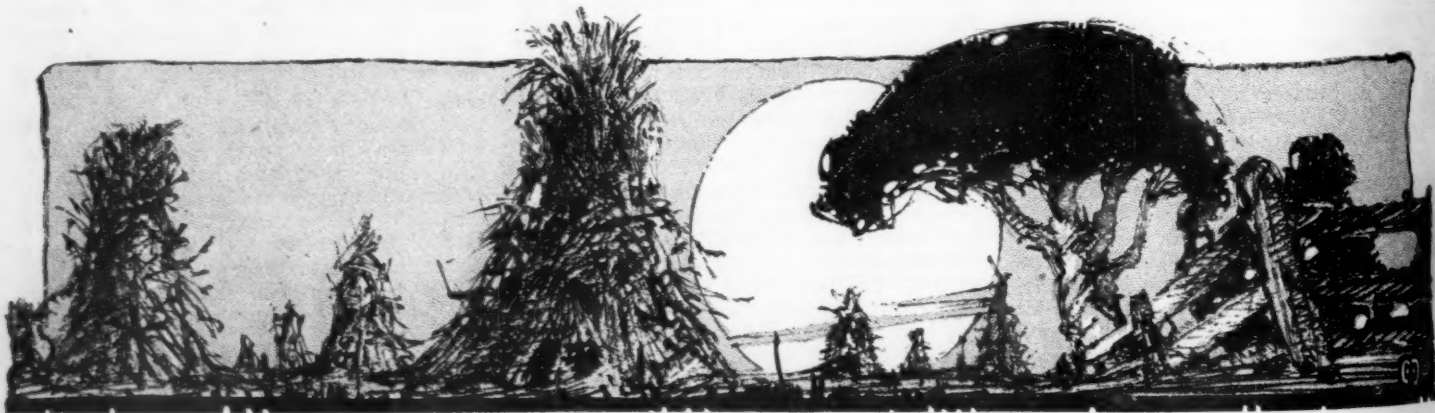
An effort is being made to create an impression that such financial necessity as made the Armour-Morris transaction inevitable, if not beneficial, to the whole industry, was in reality extension of a monopoly, whereas a monopoly in the packing business is neither conceivable nor practicable; if it had been such reorganization would have been effected long ago.

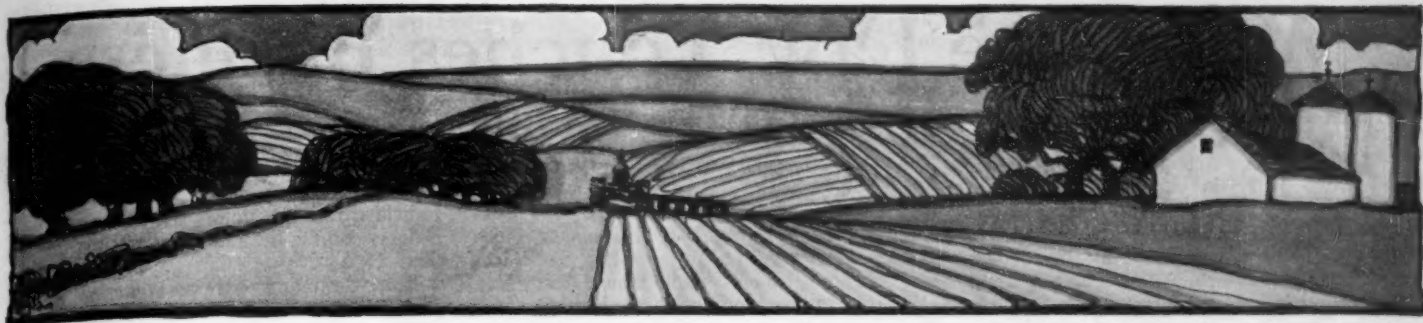
It is a statement not open to contradiction that under present market conditions livestock producers possess not only more com-

petition than ever before, but actual competition. Mendacity has been resorted to by an opportunist element seeking control not only of the markets but of livestock producers to impair or destroy confidence in the market system. These opportunists have conceived a scheme to place the livestock producers of the United States under contract for a period of years, giving them complete control of the selling phase of the business. That the sound sense of producers will defeat consummation of this conspiracy need not be asserted.

The livestock business has passed through the canyon of depression and is climbing to the heights of prosperity, which it will reach provided it escapes the traps baited by bureaucrats, opportunists and politicians, imbued, consciously or otherwise, with ideas and theories propagated in Russia.

At this stage of the industry the livestock business has everything to lose and nothing to gain, by countenancing any scheme to restrict or impair its marketing, processing or distributing facilities. And let me warn you that if this great industry should become dominated by bureaucracy, other business will eventually be reduced to official satrapy.





We Must Stop Exporting Wheat

By Dr. W. M. JARDINE

President, Kansas Agricultural College

WHREAT was one of the crops production of which was greatly stimulated during the war period from patriotic as well as selfish reasons. Before the war the normal acreage planted to wheat in the United States was around forty-seven millions. It reached a peak of seventy-five million acres at the close of the war. During the last two years, however, this acreage has been reduced. In 1922 it was reduced to sixty-two millions, and in 1923 to fifty-eight millions; and it will probably not exceed fifty-five millions for 1924. Within two more years I hope it will not exceed fifty million acres, which will take care of our home needs.

Tariff Now No Help

OUR WHEAT problem will be eliminated when we cease to be an exporter of wheat in competition with such new wheat-producing countries as Canada, Australia and Argentina.

Then, and only then, will our forty-two-cent-a-bushel tariff wall work in the interest of all the wheat producers. At the present time the farmers who produce the wheat containing a high percentage of protein are getting the benefit of the tariff because we are producing less high-protein wheat in the United States than is required to fill home demands; hence high-protein wheat is on an import basis.

Our exportable surplus consists of soft, semi-soft wheats and low-grade hard, winter wheats. They must be sold on the world's market in competition with Canada's excellent wheat and Australian wheat, also with Argentine wheat, wheat that is being produced at less cost because of cheaper land, cheaper labor in some cases, lower production costs and cheaper transportation.

We have passed the day in America when we can grow wheat for export in competition with these countries and the sooner we turn to the production of other crops, the better it will be. Fifty million acres properly prepared, planted to good seed and properly cared for in the harvesting and marketing, will make wheat-growing profitable in the United States and at the same time supply our domestic need with the kind of wheat demanded in the trade.

Canada, Argentina and Australia have an almost unlimited acreage and virgin prairie soils adapted to wheat production, and for many years to come will be able to produce an ample world's supply of wheat. Our only hope is to cease to be an exporter of wheat.

The farmers are filled up on advice from the outside. They only want to be let alone to work out their own problems. They would like business men and others who have been

strong on advice the last few years to turn their attention to working out a plan whereby the farmer may purchase a plow, a set of harness, a binder and other implements and supplies at a cost commensurate with what he is able to get for his wheat. They think that the business men could accomplish a great deal along this line if they would go at it seriously.

The farmer believes that he has not been getting a square deal, and I believe he is right. He has had to pay too much for the things he has had to buy. He realizes, of course, as we all realize, that the cost of labor is a large element in this high price; that labor, being approximately twice as high as it was before the war, naturally makes transportation costs high, clothing high, and farm machinery high. He is wondering how long this can last.

He is hopeful that it is about over. Personally, I think that inside of two years it will be over and that the farmer will come into his own and that the disparity between the purchasing power of a bushel of wheat and the cost of the various articles a farmer will have to buy will be considerably less than it is today.

I do not think that the farmer situation is going to be helped through such legislation as is proposed in the McNary-Haugen measure which is now before the Congress for disposal.

No Demand for Charity

THEY are not asking for charity. They want a square deal. They want our business men and our legislators to make it possible for them to buy the things they need in the operation of their business at a reasonable cost, and they will do the rest. The McNary-Haugen measure, in my judgment, is a very unsound, unsafe measure to be enacted into law.

Generally speaking, I believe that the demand for this measure is not coming from the substantial farmers of America but from the distressed merchants and bankers and farmers who are attempting to grow wheat under unfavorable conditions.

The plan embodied in the McNary-Haugen bill is said not to be price-fixing, yet it provides that the Government buy the farm surplus until the price reaches certain ratios to an "all commodity index." The Government thus determines the ratios and consequently the price.

The effect of operation of the measure will be to pyramid prices, increasing the cost of manufactures. Thus exports of non-agricul-

tural products would be curtailed, large imports would break over the tariff wall, and a serious wave of unemployment would be created.

This would reduce the consumption of agricultural products, and we would be lucky if we escaped a general panic. And in such a situation the farmer, as usual, would be worse off than anyone else. The plan would stimulate production, when what agriculture needs is not more production, but less.

Scip Invites Corruption

THE SCRIP system proposed in the bill would mean fiat money, and the scrip, hawked back and forth, would lose its original value, resulting in a loss to the corporation of the fee provided. An army of 50,000 men would be needed by the Government to prevent illegal trading in this scrip.

The plan plunges the Government into the most gigantic business known in history. How are the brains to be found for its direction? Has the experience of the Government in business during the last ten years given any warrant for belief that government officials have the skill to conduct such an enterprise and to prevent corruption?

There is a measure now before Congress which proposes to create a federal marketing board. It was introduced into the House by Mr. Williams, of Michigan, and into the Senate by Mr. Capper, of Kansas. I have examined this measure critically; and I have had others, in whom I have confidence, examine it carefully; and I think it to be the soundest proposal that I have had the opportunity of examining for the assistance of agriculture.

It proposes for agriculture a type of governmental action which is being successfully taken for other interests by several analogous agencies, such as the Interstate Commerce Commission, the Federal Trade Commission, the Federal Reserve Board and the Federal Land Bank.

The intent and purpose of the act is to create a federal marketing board which would function for farmers, cooperatives and other organizations handling farmer products, as the Federal Reserve Board, and other bodies function for the industries which they represent.

The bill does not inject the Government into business. The bill provides primarily for governmental action which will serve chiefly to encourage and safeguard intelligent and business-like procedure in cooperative marketing of agricultural products. In my opinion it helps to set up market machinery that will enable the farmers to engage in commodity marketing in a fair, high-class and unobjectionable manner. It deserves the serious consideration of every business.

Where the Law Touches Business

By CURTIS D. WILBUR

Secretary of the Navy

THERE has been during the last twenty-five years, and particularly during the last fifteen, a change almost revolutionary in character in our attitude toward certain governmental problems and legislation dealing therewith.

We have had manifestations of this change along such lines as school laws, laws dealing with taxation, juvenile court laws, laws relating to treatment of the criminal, the insane and the indigent, workman's compensation and similar laws dealing with the relationship of employer and employe, and laws regulating public utilities.

I have no desire to enter into the history of all these various developments, but to confine myself more particularly to two or three instances which strikingly illustrate the modern tendency.

The workman's compensation laws, now well-nigh universal, resulted from a conviction that the common law rules concerning the responsibilities of employers to their employes were not just. Responsibility of the common law was based upon the negligence or wrongdoing of the employer. The defenses of assumed risk, negligence of fellow-servant and contributory negligence excused the employer from the results of his negligence and wrongdoing. Workman's compensation laws were framed on the broad theory that the industry in which the accident or injury occurred should bear the burden of compensating the employe.

The effort to express this idea has resulted in legislation modified and amended from time to time to meet judicial decisions and unforeseen conditions. Out of this legislation, based upon this effort to do justice, several distinct and far-reaching results have already accrued.

Spreading Accident Costs

FIRST, the new liability, founded upon the new theory, is coupled with the requirement that the employer insure himself against the hazard of industrial accidents. The effect of this has been to spread the liability over the whole field of employment rather than to place the burden upon the individual employer. This burden is, in turn, placed upon the consumer by the increased cost to him of the product.

The most notable changes, however, are in the method of adjudication of the liability and the amount thereof. This is usually left to a commission of laymen whose results are only reviewable by the highest judicial authority in the state, and then usually only on the questions as to whether or not there is sufficient evidence of the employment and of the injury to justify the finding of the commission.

This plan also involves a very great change in the whole theory of liability in that the employer is no longer called upon to reimburse the employe to the full amount of his loss but is only required to make payments of amounts expressly limited by statute, so that while the industry bears the loss, a fair share of the loss is also borne by the employe. It is obvious that this plan is susceptible of further expansion in the field of railroad and other accidents now inevitably resulting from modern conditions.

From the standpoint of administration the most radical innovation in the workman's compensation laws is the establishment of a court of laymen with a legal adviser, which not

only receives the evidence of witnesses proffered by the parties, but also makes independent investigation to ascertain the facts and employs experts upon whose testimony they rely in reaching their conclusions about them.

They are also, in most states, authorized to employ an attorney to define their decisions when attacked in the courts. Thus the injured employe receives the entire award if he is finally successful without being called upon to pay large costs and attorney fees to secure the result. Some statutes expressly provide that industrial accident commissions may receive and act upon hearsay testimony. Another significant movement in connection with this problem of workman's compensation is the establishment of a governmental agency to reduce the number of accidents so that the Government is acting along the lines of prevention as well as cure.

Determining Proper Rates

THE NEXT field in which the modern legislative tendency has been most manifested is in the establishment of agencies empowered to regulate the rates charged by public utilities. These commissions are clothed with great powers, and they exercise both judicial power in the ascertainment of the facts and legislative power in the establishment of rates based upon those facts.

The powers of these commissions have been greatly broadened to cover the actual regulation in the operation and construction of public utilities and the supervision of their financing. Recently the railroad commission of California ordered the construction of the Union Depot in Los Angeles to cost forty million dollars. The decision order was set aside by the supreme court of that state upon the ground that it invaded the jurisdiction of the United States Interstate Commerce Commission as defined in the federal laws enacted for the regulation of interstate commerce carriers. This decision has been sustained by the Supreme Court of the United States within the last two months. I have not examined the latter decision, but I understand that the question whether or not so large an expenditure of capital could be required under the Federal Constitution prohibiting the taking of property without due compensation, was not passed upon.

Pursuit of Facts

FOR THE purposes of this paper, however, I am more concerned with the fundamental ideas embodied in the legislation concerning these regulatory commissions, national, state and municipal. The system of ascertaining the facts is entirely different from that used in our courts. These commissions usually employ a large force of expert engineers, lawyers and subordinates. They pay little attention to the ordinary rules of evidence or the methods of procedure laid down for courts, and yet they determine the most vital questions involving the rights of citizens; and, having determined those rights, they are, in most jurisdictions, authorized to employ attorneys to defend their conclusions in the courts.

Here again we have the astonishing spectacle of an organization, virtually a court, au-

thorized to defend its decisions at state expense. This method of adjudication of the rights of parties at public expense has not so far found expression in ordinary judicial processes unless we except the small claims courts dealing with claims of less than \$100.

The workman's compensation law and the laws establishing regulatory commissions for public utilities are well established in our judicial and legislative systems, but the results upon our whole system of government and particularly upon the procedure and organization of our courts are still undetermined nor are the utility and permanence of these courts fully established as a part of our system of government, for the reason that our history shows that wherever large power is located, there has always been an attempt by the bodies most interested to secure political control of those agencies.

These agencies, now under education, were established as a result of a popular movement and express the determination of the people to control the political and economic operation of public utilities, but these agencies and extraordinary powers may be used to oppress the people if the agencies exercising these powers come to be politically controlled by the utilities they were originated to control.

So determined were the people of California to free themselves from the political domination of the Southern Pacific Railroad and allied corporations that they passed legislation and enacted constitutional amendments providing in direct terms that the legislation pertaining to these organizations should not be subject to any other provision of the Constitution.

Threats at Foundation Stones

THIS extraordinary pronouncement was, of course, modified by the Federal Constitution prohibiting the taking of property without due process of law and also was given a reasonable interpretation by the courts of the state, thus mitigating the difficulties which might have resulted from the decision of a partisan commission favoring for one class of citizens against another.

There is at present a movement directed toward an amendment to the Constitution of the United States restricting the powers of the United States Supreme Court to declare a law unconstitutional. It should be made clear that any amendment vesting absolute power in Congress, or permitting a decision by a minority of a court, really destroys our present constitutional form of government, because it destroys the authority of the Constitution.

The English system of absolute power in Parliament is no precedent for such a course for us, for they have an hereditary House of Lords and a tradition recognizing custom and precedent so strong as to be in effect an unwritten constitution. With us both houses of Congress are elected by popular vote, and for short terms only.

The amendment proposed, if it does not destroy the Government would at least substitute a system by which Congress could, in effect, amend the Constitution by a majority vote of both houses, instead of the present system by which a two-thirds vote of each house and of three-quarters of the states is necessary to effect such a thing.

My conclusion is obvious; namely, that we have come to a period when we should carefully digest our legislative, constitutional and

statutory changes; when the best thought of our citizens should be devoted to the problems created by this new legislation; and when further legislation should be directed in the main to rectifying obvious defects in existing legislation and to that required to carry on the functions already assumed by the Government. I consider myself a progressive and have yielded my full measure of devotion to reforms, but I have a reasonable conservatism based upon judicial history and experience and realize that the nation has made such vast strides in governmental matters in the last two decades, that considerable time will be required to digest fully the changes already made.

The enfranchisement of woman has doubled the voting population. The extension to woman of the right to serve on juries in some jurisdictions has profoundly affected the administration of the law. I personally believe

that in both instances there has been marked progress. It is obvious that the fears and forebodings of the ultra-conservative have been entirely without foundation, but it must also be recognized that the changes, sweeping and radical, and affecting the whole processes of government, cannot be fully developed in a day or a year.

I am not at all in sympathy with the glittering generality that we have "too much legislation." We might as well complain that we have too much life, for it is life that requires legislation. The volume of legislation results from the multiplicity of governmental activities; the subdivision of such powers between the nation, the state, county, and municipal governments, the complicated election machinery necessary to secure the free expression of every voter and a fair count of the vote; the regulation of the machinery of government necessary for the maintenance of the

nation and its defense; and the regulation of public utilities.

It should be stated also that there is a growing tendency to appeal to the legislature, rather than to the court, to declare the law in case of uncertainty. This tendency is revolutionary; but it seems to be wise, for after all, the legislature is the law-making power; and if its statutes are uncertain, it should be willing and ready to make plain such uncertainties rather than to leave such determinations to the courts in litigation between parties who may not be particularly interested in the solution of the problem but who nevertheless involve the question in their litigation.

It is clear, however, that there should be a great caution in legislation directed toward the correction of such uncertainty. Legislators are feared not so much for what they do as for what people fear they will do.

A Step Forward for Europe

By BASIL MILES

American Commissioner to the International Chamber of Commerce

THE TWO committees of experts named by the Reparations Commission to consider Germany's ability to pay completed their inquiries in Berlin about the middle of February. On their way back to Paris one of the technical advisers remarked that he could not feel very optimistic about the success of their efforts when he recalled that this was about the fifteenth conference with which he had worked in an effort to devise a solution of Europe's problems.

The Brussels Conference in 1920, the Geneva Conference of 1921, and the Conference at Cannes in 1922 have been only some of the milestones along a road which hitherto has led nowhere. It is on this account that the favorable reception of the Dawes and McKenna reports has been heralded so loudly. The net result is that too many people, especially in this country, have been tempted to believe that it was all over except the shouting; that the reparations problem was at last solved.

The conclusions arrived at by the experts are no panacea. They do not pretend to solve Europe's difficulties. They do, however, offer practical means to strengthen the most dangerous weakness in the economic world today. It is, therefore, evident that the plans are not merely a first step, but if put in effect will constitute a great stride along the road to the restoration of general prosperity.

There are some today who are still pessimistic as to the success of the experts' reports. These reports, to achieve their full effect, require not only adoption by the Reparations Commission but also by the allied governments. This is requisite for a number of reasons, but primarily and principally because the reports are predicated upon the complete restoration of the fiscal and economic unity of the Reich, and upon the hypothesis that Germany's economic activity will be unhampered and unaffected by any foreign organization, military or otherwise, except the controls which the experts themselves recommend.

It is evident that this means first of all the abandonment by France and Belgium of the economic control which they now exercise in the Ruhr. The occupation of the Ruhr has been bitterly attacked as economic disaster. Important authorities have declared it was illegal. It cannot be denied, however, that the occupation of the Ruhr gave rise to Germany's passive resistance;

that this passive resistance was characterized by subsidies to the workmen of the Ruhr which accelerated the inflation of the German currency to insane proportions; that the final destruction of the German currency produced conditions so intolerable that the Germans for the first time started a house-cleaning which, for the moment, has produced results which are healthy beyond all expectations.

It is a political problem in which governments are primarily interested, as to how the French and Belgians can effectively and safely retire from the successful advance position they have taken.

Recognizing French Rights

NO SUMMARY of the European situation can properly ignore the question of French security. It is well known that at the time of the armistice the French military leaders insisted that the future security of France could only be guaranteed by moving the frontier to the Rhine. They were finally reconciled to the existing temporary occupation of the Rhine provinces by the promise of the so-called three-cornered agreement between Great Britain, France and the United States guaranteeing the French against aggression. While this agreement was in suspense, and even for a time after it fell through, the French fixed their attention primarily upon payment of reparations. In the last two years, however, their attitude has changed, and the Belgians for the most part have followed them.

As the prospect of British and American support gradually vanished, the French became more and more concerned with the problem of their future security. They wanted reparations, of course; but their principal concern became more and more definitely the question of their future immunity from attack. The French are perfectly aware of the fact that they have practically a stable population of forty millions, whereas the Germans have a population of sixty millions, which is increasing steadily by five to seven hundred thousand a year, and, furthermore, have an industrial capacity very much greater than that of France.

It is therefore logical to expect that before accepting any plan such as that proposed

by the experts, the French will scrutinize it closely to see how it may bear upon the problem of their future security. This has proved already to be the case, and is one of the most important factors bearing on the prospect of acceptance.

To those whose optimism is based on a hopeful understanding of Europe's difficulties, the prospect seems good. The plans proposed by the experts, while cautiously elaborate and specific in detail, are fundamentally simple in principle. Based on the conviction, arrived at after a first hand study of the facts, that Germany is (in a purely material sense) an industrial country of enormous potential strength, the experts ask that the German people assume a burden of taxation, payable in a stable currency, which will be commensurate with the burden of taxation already assumed by the people of the allied nations who won the war.

These business men have concluded that the German people, once the poison of inflation has been eradicated, can bear a very considerable tax burden. They are further convinced that German industry as a unit can bear a very considerable burden of taxation. They are convinced that the German railways, which have operated at a loss since the armistice, are in admirable condition and can be operated at a profit. From these three sources of revenue, namely, from the general budget provided by reasonable taxes, from a tax on industry, and from the profits of the railways, they conclude that the German Government can in five years show a regular profit balance.

The experts themselves outline ways and means for this profit balance, once established, to accrue to the credit of the allies in payment of reparations. They have gone on the obvious hypothesis that no debtor can pay his debts while the normal operations of his business show an increasing daily deficit. As a preliminary measure to finance the new bank of issue and deliveries in kind, an international loan of \$200,000,000 is planned. It is not, perhaps, true to say that the experts propose to put the German people in the hands of a receiver, but they have realized that a business organization threatened with complete bankruptcy requires tangible and healthy assistance in order to get on its feet again.

For this purpose it is vital that Germany should have a stable currency, and it is equally evident that no currency in Germany

can remain stable without some permanent assurance of a balanced budget.

However simple in principle, no plan of such a comprehensive character could be evolved without meeting criticism in various forms and from various sources. Already it is evident that some critics hold that the annual payments due from Germany in a standard year—that is, commencing the fifth year—are too high. This standard payment will amount to two and one-half billion marks—about six hundred million dollars.

Such criticism, however, has generally ignored the factors of safety and elasticity which the plan provides. Other forms of criticism have been directed against the proposal to derive a revenue from the railways. In general, these critics are skeptical of the possibilities of the railways earning something like 5 per cent when during their best years before the war they only earned something like 3 or 3½ per cent.

Other critics have leveled their comments against the organization and operation of the new bank of issue. There is a simple reply to all these criticisms. The plan is speculative. So are the criticisms. It is certain, however, that those who devised the plan have had more complete information in regard to Germany's assets and possibilities than any of the critics who differ with their conclusions.

Moreover, the experts themselves were men of conspicuous and outstanding ability in the business world of their respective countries. This being the case, the wise and fair course for governments to follow is to put the plan in operation and test it in practice. Human ingenuity is unconquerable. If the Germans want to carry the plan through and if the allied governments do their part, none of us here is qualified to forecast a failure.

At least one conservative English banker is quoted as saying that if the Germans adopt the plans proposed by the experts, they will in twenty years obtain an industrial and commercial position which will challenge the entire world.

It is, on the other hand, evident that the plans constitute the only tangible proposal which has been made as yet by which the allies have any prospect of regular annual repayment for the restoration of their devastated areas and other losses of the war.

Europe has long been waiting for some such concrete proposal. Despite the pessimistic reports which have been so prevalent in the last six years, only the pressure of political complications and conditions has prevented the countries of Europe from making a really rapid and surprising recovery.

Most of the people of Europe are not only industrious but thrifty. In the confusion which followed the erection of new boundaries under the peace treaty the world lost sight of the sub-conscious determination of the various peoples to survive and regain normal conditions of living.

The first and most spectacular demonstration of this determination was afforded by the advent of Mussolini in Italy. But something of the same kind was going on under the new government in Turkey. A more organized and better directed effort was under way in Czecho-Slovakia. Poland, despite its extraordinary problems, was at the same time making an effort which in many ways has been of a character to excite admiration and which now promises more tangible realization with the reorganization of the Polish currency. The League of Nations put Austria on its feet and is now devising something of the same kind for Hungary. The problem at Nemel has recently been solved by an American acting for the League of Nations.

Experts' Plan Bridges Chasm

THE SOURCES of chief confusion and difficulty have been and continue to be in the relation of Germany and the allied governments. The plan of the experts affords a keystone for the bridge to be built over this fundamental difficulty.

As all the world knows, whole sections of the German people have been impoverished, if not actually submerged. In a ten-day period during August last the revenues of the government yielded only seven-tenths of one per cent of its expenditures; in a similar period of January of this year they yielded well up to 95 per cent of the expenditures.

Too much cannot be claimed for such an arbitrary illustration. Nevertheless, it indicates the depths to which the Germans allowed their government to descend and their surprising capacity even now to respond to

healthful remedies. It is necessary to emphasize this recuperative capacity and potential strength of Germany, because it has been so consistently underestimated and understated. There is no question that in a purely material sense the German industrial establishment is in a better condition than it was before the war. The enormous number of superfluous employees on the German railways had to be kept occupied, with the result that the road bed and operating equipment of the railways in Germany have attained an extraordinarily high standard. Another and conclusive illustration of Germany's economic power is that, despite the ordeal through which she passed in 1923, which was characterized by the occupation of the Ruhr, Germany proved to be the third best customer of the United States out of all the world. Germany's purchases from us during 1923, while inferior to those of Great Britain and Canada, and much less than in 1913, nevertheless exceeded those of France, Belgium, Italy and all other countries and aggregated 316,000,000 gold dollars.

The German Government on its own account is devising means to create a bank of issue that will continue the stable currency conditions created so surprisingly by the Renten mark. The Renten mark has already remained stable for a longer period than any one believed possible when it was launched on November 15. The situation, however, is extremely critical.

A failure to adopt the plans proposed by the experts may well create an atmosphere of depression which will render the efforts of the government abortive. It is also perfectly obvious that if the German currency collapses a second time it will be infinitely more difficult to rehabilitate it than it was last November.

The acceptance of the experts' reports is of urgent interest to the entire world. It cannot be too much emphasized that these reports constitute no panacea for Europe's difficulties. They do, however, constitute a solid basis which, once created, will serve as a stepping stone for extending improvements in every direction. It still remains to be seen whether the pressure of political problems, which hitherto have proved so obstructive, will again operate to retard a return to normal conditions of business.

Business and Science, Partners

MORE than we yet realize, the future of American business and commerce and industry is dependent upon the progress of science; and unless the work of the pure scientist is continued and pushed forward with ever-increasing energy, the achievements of the industrial scientist will in the course of time diminish or degenerate. Many problems now confronting us cannot be solved by the industrial scientist alone, but must await further fundamental discoveries and new scientific generalizations.

Michael Faraday, working in England, and Joseph Henry, working here in America at the same time, made fundamental discoveries in pure science underlying the art of electrical engineering. If we were to subtract from our present knowledge the contributions of these men, the wonderful structure which our applied scientists, the electrical engineers, have reared would disappear.

An English statesman before whom Faraday performed his fundamental experiment in electromagnetism asked, "What use is it?"

Faraday, without revealing the irritation

By JOHN J. CARTY

Vice-President, American Telephone and Telegraph Company

which he must have felt, said, "Some day it may be developed so that you can tax it."

Faraday was a good prophet, for today mankind is in possession of electrical property valued at more than twenty billions of dollars; and evidence is not lacking that others besides Faraday's statesman are busy with the taxing of it.

It can be said with truth that, considering the art of electrical engineering as it exists today, if we were to take away the contributions of the applied scientists, that which would be left would make a sorry showing. The entire art of telephony would disappear, and all of those wonderfully coordinated social and business activities depending upon that means of communication would instantly be paralyzed.

In electric lighting and power, and transportation, the contributions of engineers and

other applied scientists have been so important and so numerous that it is impossible to picture the chaos which would result if by some black magic their wonderful work should be undone. All of this work, it should be noted, has been accomplished within the last fifty years.

The importance of establishing within their own organizations departments of applied science, or as they are sometimes called, departments of development and research, has been better appreciated in the chemical and metallurgical and electrical industries than in most others; and the results have abundantly justified them.

I can best illustrate my point by a concrete example drawn from my own experience in the telephone art which has covered a period of more than forty years.

The Department of Development and Research, which is conducted under my direction, had very humble beginnings. At first, about the year 1875, it consisted of but one man, and then two, and then others were added. As the years went on, the work of the

department proved to be so important and became productive of such good results that the number of workers was steadily increased until at the present time the total personnel of the department includes about 3,000 workers, about half of whom have scientific or engineering training, a large proportion being graduates of our American colleges and universities. The rest are mechanics, draftsmen, clerical and administrative forces.

In the beginning it was difficult to obtain the necessary financial support even for the very small personnel and the limited laboratory equipment employed. At the present time, the budget of the department amounts to about \$8,000,000 a year, and the laboratories alone occupy a large 13-story building providing about ten acres of floor space.

Unlike the laboratories of the pure scientists established for the discovery of fundamental laws and new truths without regard to their immediate utility, these laboratories are devoted to a severely practical purpose. They are organized on a strictly business basis, and the work conducted in them is directed to no other purpose than improving, extending and conducting in a more economical manner the service which we render to the public.

The criterion which we apply to the work conducted in these laboratories is that of practical utility. Unless the work promises practical results, it is not undertaken; and unless as a whole it yields practical results, it cannot and should not be continued. The practical question is "Does this kind of scientific research pay?" If it does, it should be continued. If it does not, it should cease.

A consideration, therefore, of the practical results which have been obtained from this method of working will help us to a better understanding of our subject.

In 1875 the entire telephone plant of the world could have been carried in the arms of a child. It consisted of two crude telephones and about 100 feet of wire, over which Alexander Graham Bell spoke to his assistant, Thomas A. Watson. Starting with such instruments, the personnel of these laboratories

have by experimentations created a new art.

As one of the results of the cumulative improvements in the art coming from this unceasing organized effort, in the year 1915 Dr. Bell was enabled to talk once more to Mr. Watson through the original historic instrument, thousands of miles apart—the one at San Francisco, and the other at New York.

Pressing on to achieve still greater distances, the staff of these laboratories transmitted for the first time the human voice without the use of wires from Washington across the North American continent to San Francisco and even far out into the Pacific Ocean to the Hawaiian Islands, where words spoken at Washington were plainly heard.

By this same apparatus and by these same scientists intelligible speech was for the first time transmitted across the Atlantic Ocean from Arlington, Va., and heard at Paris. This was done in the year 1915. Still higher achievements now lie immediately before us.

To this work done in applied science the people of the United States, and indeed of the world, are indebted for the highly developed telephone apparatus and methods now available for use in all countries, but in our own to an extent far greater than any other land.

Science Pays in Hard Cash

BUT IT is not alone by these general results that I ask you to judge of the importance of employing the services of the applied scientist. I will give some concrete examples showing definite pecuniary returns.

From their very nature not all the advances resulting to the telephone system from its researches in applied science are capable of definite evaluation. For example, no one can accurately appraise the value to the public of those improvements without which the present extensive telephonic system of the United States could not have been created. Such figures would be speculative and even when moderately stated unbelievably large.

But I have made a survey of the work done during the period from 1900 to 1920; and choosing only ten items concerning which

definite data could readily be obtained, found that the specific savings amount in round figures to \$500,000,000. This means that the plant of the telephone system, if it could have been constructed at all, would have cost that amount more than it has cost.

The savings represented by this figure accrue to the public in a much larger measure than to the company, for without these scientific developments the service which is now rendered to the public could be given, if at all, only at prohibitive cost.

I think I have said enough to show that the establishment of a department of applied science has been of incalculable advantage to the telephone system and the public.

But the benefits flowing from the application of science to the telephone tell but a part of the story. The scientific development of the telephone gave a great stimulus to the entire electrical art, and following the invention of the telephone came the beginning of the electric light and power industries. Many of the concerns engaged in these industries likewise established departments of development and research, and the results have been astonishing in their magnitude.

The achievements of scientific workers in applied chemistry have also been of extraordinary value to the American industries. So great indeed have been the benefits to industry and business and commerce through the employment of practical scientific methods that the value of applied science to our practical affairs has been abundantly established.

But the number of concerns which have thus far adopted scientific research as an integral part of their organizations is very limited indeed, and these methods and ideas which have proved of such great importance in some of our industries have not yet been appreciated and adopted generally. In fact, only a beginning has been made.

Science can be of immense help to business, and it is only with the aid of science that American business can keep pace with the rapid advances which are now being made throughout the world.

Why Not a Common-Sense Calendar?

WITH the growth of human activity the unequal divisions of our Gregorian calendar, giving us months throughout the year ranging from twenty-eight to thirty-one days in duration, make more and more difficult the proper analysis which is required for the successful carrying on of the great enterprises which are the significant expression of the present time.

Therefore, the fundamental defect of the Gregorian calendar is the unequal monthly divisions of the days which the year contains. This inequality is further intensified by the constantly moving dates of the months on which days of the week occur, throwing into given months irregularity as to Saturdays and Sundays.

A month is naturally recognized as a suitable division of the year, but the months as at present arranged as to days do not constitute an equal measure. There is, for instance, 11 per cent difference between the shortest and longest month. Salaries, rents and all expenses, however, are based upon present monthly divisions. Monthly business expenses are pro-rated through the year on the basis of the months, notwithstanding that these expenses are in this way unfairly apportioned.

Mr. Cotsworth, a chartered accountant of

By EDWARD PRIZER

Chairman of the Board, Vacuum Oil Company

high authority, pointed out at the Washington hearing that, when employed by the railroad companies of Great Britain, he had great difficulty in correctly ascertaining monthly costs. In one case he found a large number of men paid by the week and a large number paid by the month as if it were a twelfth of the year. In some months there were five Saturdays, in others five Sundays and in others five Mondays, which would constitute a huge business difference for large railway companies.

In investigating a particular year where trouble in accounting arose, he found that that year began on Sunday, so that there were fifty-three Sundays in the year. The next year, however, would have one less Sunday and one more Monday, which would give to the railway for that year one more working day of operation, which would to that extent increase its earnings.

It was pointed out also from Dr. Beal's records that one of a large group of combination retail stores in this country showed for a given month, in comparison with the corresponding month of the preceding year, a large

falling off in turnover. An analysis proved that the month in question contained only four Saturdays and the month of the preceding year five Saturdays; and since Saturday was the day of large sales, there was no just comparison between the two periods.

There are many other difficulties which the present calendar system creates. We cannot make advance dates for any engagement without ascertaining from the calendar the day of the week on which it will occur. Periodical business and social meetings held on selected week days have to be described as "first" and "third" Wednesdays, or something of this nature, and dates for national holidays, festivals, etc., falling on Sundays have to be postponed by proclamation or public announcement. Bank drafts and trade bills falling due on Sundays have to be held over and one day's interest thereon lost. Monthly trade balances, wage adjustments, etc., are complicated by weekly wages which cover days which include both the end of one month and the beginning of another.

Of the proposed new calendars two have come into prominence, and for the purpose of this article are those only which need to be mentioned.

The one which has the endorsement of the

American Equal Month Calendar Association of Minneapolis comprises the dividing of the days of the year into thirteen months of twenty-eight days each. The additional month thus created is to be inserted in the mid-year, between June and July, and to be given some appropriate name. New Year's Day is to have no week-day name, but to be designated on the calendar simply as "January Naught," and is to be a full holiday preceding January 1.

When Leap Year occurs, the additional day will also have no week-day name designation, but be known simply as "Leap Year Day" and be placed between the last day of June and the first day of July as a full holiday.

The year is to begin with Monday, which shall, therefore, be the first day of the month. Monday in the year 1928 will fall naturally upon January 1, so that would be the year when the change could be made without any dislocation of any present week days or dates. By this plan Monday would not only become the first day of every year but also the first day of every month, every week and every quarter for all time; and the other days would follow in natural sequence.

As a consequence, calendars would become unnecessary and in time obsolete, because the days and dates automatically take care of themselves. All business statistics would be worked out upon thirteen equal monthly periods of twenty-eight days each, each month containing exactly the same number of Saturdays and Sundays.

This plan is extremely simple and, therefore, is receiving considerable support in this country on the part of those who are giving time and thought to the necessity of calendar changes. It has been endorsed by the

Royal Society of Canada and also by the Government of Canada, and has been referred by that government to the British Government for favorable consideration.

The objection is that the insertion of an additional month in the year is a radical departure from the present twelve-month division, and would be liable to encounter more initial opposition than some plan which did not disturb the twelve present divisions. In addition there might be opposition through superstition or prejudice to the number thirteen.

There is the further objection that a thirteen-month year is not capable of being divided into equal quarterly or semi-annual periods. None the less, the simplicity of the plan commends itself for careful consideration, particularly because the plan has already obtained an active and zealous support.

The other plan, which probably is more under consideration in Europe, is what is known as the "Swiss Plan." This involves dividing the year into twelve months, of four quarters of three months each, the arrangements for the first quarter to repeat themselves precisely in each of the other quarters; the first month of each quarter to have thirty days; the second month thirty days, and the third month thirty-one days. This gives ninety-one days to each quarter, or three hundred and sixty-four days in all, the remaining day in ordinary years to be New Year's Day and to have no other descriptive title. It begins the year, and January 1 will be the next day following.

When Leap Year occurs, it will be injected as an additional holiday following December 31, or placed in the middle of the year following June 31, as least upsetting.

In this plan January 1 is to begin on Monday. As a result the first month of each quarter—that is, January, April, July and October—will begin on Monday in every year. The second month in every quarter will always begin on Wednesday, and the third month on Friday. Sunday will never fall on the first, the fifteenth or the thirtieth day of the month. The last day of each quarter will always fall on Sunday. The thirty-day months will have four Sundays and the thirty-one-day months five Sundays. The number of week days in every month, therefore, will be twenty-six, and holidays will always fall on the same day of the week.

A table could be readily worked out which would group the days under their week-day names and under months in accordance with the dates on which the week days fall, and once printed would be perpetual and, therefore, need no reprinting.

This plan is also simple in that it involves practically no change excepting the elimination of New Year's and Leap Year Days from the present method of computation and observing them as wholly separate holidays without date.

The disadvantage of the plan is that it prevents the fixing of the week day in a permanent relation to a given date, and breaks up weeks in relation to the beginning and ending of given months.

The question as to how the proposed calendar changes might affect religious festivals which at present have moveable dates has already been referred to the ecclesiastical authorities at Rome, and it is understood that the Pope is in agreement with any plan which would give fixed dates for these festivals, particularly Easter.

The Resolutions of the Meeting

No. 1.—A Recognition of Leadership

THE VIEWPOINT of the Chamber of Commerce of the United States with respect to outstanding problems, as expressed in these resolutions, reflects in large measure the leadership of its president, Julius H. Barnes. His has been the clear thought to determine our proper position on every great question as it developed. His has been the sound logic and virile expression that waved aside confusion and misrepresentation, and forced recognition of the sound principles underlying our stand on vital issues. He has furnished the driving power to win our battles in the cause of justice to business. His has been the poised, serene courage to carry him uncomplainingly on his course, indifferent to petty and mendacious criticism and responsive only to the single obligation of discharging fully his duty to this organization, to American business, and to the nation.

Such leadership, invaluable at this time, challenges the expression of our profoundest admiration and gratitude.

Therefore your Resolutions Committee desires herewith to set formally in the record our confidence in the leadership of President Barnes and our resolve to render to him at all times the complete, unswerving and instant support of its entire membership.

No. II.—Principles of Business Conduct

THE FUNCTION of business is to provide for the material needs of mankind, and to increase the wealth of the world and the value and happiness of life. In order to perform its function it must offer a sufficient opportunity for gain to compensate individ-

uals who assume its risks, but the motives which lead individuals to engage in business are not to be confused with the function of business itself. When business enterprise is successfully carried on with constant and efficient endeavor to reduce the costs of production and distribution, to improve the quality of its products, and to give fair treatment to customers, capital, management, and labor, it renders public service of the highest value.

We believe the expression of principles drawn from these fundamental truths will furnish practical guides for the conduct of business as a whole and for each individual enterprise.

[Here follow in the resolutions the text of the business principles which are incorporated in Judge Parker's article published elsewhere.]

No. III.—International Economic Restoration

THE ANNUAL meeting joins with the recent action of the International Chamber of Commerce in declaring that the plans submitted by the two committees of experts to the Reparation Commission on April 9, provide a basis for a permanent settlement of the problem of reparations, and furthermore offer a real prospect of providing practical measures for the removal of obstacles which hitherto have appeared insurmountable.

We also agree with the International Chamber of Commerce that the reports of the experts offer opportunity for immediate action which business men believe so necessary for an improvement in world conditions, and that the plans furthermore open the way for a final and comprehensive agreement in regard

to those other problems which are connected with the settlement of reparations.

We unhesitatingly express ourselves in accord with the underlying sentiments and essential principles which the plans set forth. We also extend assurance that so far as an American business organization may find opportunity for usefulness in supporting the plans of the experts, the Chamber of Commerce of the United States will lend its assistance to the full extent of its power.

We desire also to support cordially the proposal for a general international conference to deal with economic questions and the further limitation of armament when the experts' plans just accepted by the Reparation Commission have been in operation for such a period that steps for a further conference may be taken with confidence of success.

No. IV.—World Court

THE CHAMBER reiterates its position in support of the International Court of Justice and urges the Senate of the United States to signify its consent to the proposal which has been made by the Executive. The Chamber believes that the Court, being permanent, composed of judges dealing with legal controversies, assuring continuity in the further development of international law, is thoroughly sound in principle. The Court is essentially judicial, acts only through trained judges, a country adhering to it incurs no obligation to enforce its decrees and does not even incur any obligations to submit its own controversies except to the extent that it may see fit at the time the controversy arises.

The Chamber regards the Court as a genuine

concern of great value in the promotion of orderly international processes, and believes the Court would be of far greater value in these respects if given the moral support of the United States; believes that any effort to scrap the Court and make a new one would, even if successful, work no substantial improvement, and would, as a matter of fact, involve delay and disappointment and the unwarranted withholding of the needed moral support of this country.

No. V.—Turkish American Treaty

TO SAFEGUARD American commercial, educational, religious and philanthropic interests in Turkey it is essential that our relations with that country be regularized without delay. The Lausanne Treaty has been endorsed by leading representatives of those interests. It secures to us the same rights as all other countries and is such a treaty as would be negotiated with any other sovereign state. While it is not as satisfactory a treaty as might have been secured under other conditions, it is wholly consistent with American principles of the "open-door" and the territorial and political integrity of sovereign states. This Chamber therefore urges the prompt ratification of this treaty.

No. VI.—Japanese-American Relations

THAT we heartily support the efforts of our President and State Department in cooperation with Congress to deal with exclusion of those ineligible to citizenship on a basis of friendly negotiation. We believe that our agreements and treaty obligations with Japan should be scrupulously observed, and that proper notice or conferences should be had before these should be changed or abrogated. We see no necessity in meeting inevitable problems, of dealing harshly or in a hostile spirit with a nation with whom we are on such a friendly basis and therefore heartily commend present efforts to bring about the most amicable understanding.

No. VII.—Immigration

IMMIGRATION legislation has received the attention from the Chamber which its great importance warrants. It has been considered at annual meetings and it has been earnestly studied by a committee of the Chamber. In accordance with recommendations of this committee which have been placed before the membership, we believe that the quota provisions of the law should be based upon the census of 1910 and that the present extension of these provisions should be for a period not exceeding five years. At the same time there should be inserted a provision for making the quota flexible, through increase above or decrease below the base figure within stated limits, in order that immigration may more nearly accord with our own conditions.

At the same time, there should be a means for testing in practice the possibility of selection of immigrants before they sail in accordance with their desirability and the likelihood of their advantage in coming to the United States. For the purpose of advising increases or decreases in quotas and for devising and supervising the test of selective immigration there should be an Immigration Commission. Upon this commission should also be imposed the task of making studies which will enable it to recommend, at the expiration of the period for extension of the quota law which we propose, the legislation which should then be enacted.

Present amendments should also reduce the hardships upon immigrants and make administration more effective. Wives or husbands and unmarried minor children of resident

citizens should be allowed to enter without being counted in the quota. One-tenth rather than one-fifth of the quota should be admissible in a month. Prospective immigrants should be required to apply to consular officers for immigration certificates, filling out appropriate questionnaires and presenting their files of identification papers. In such ways much can be accomplished to make administration of our law comport with American standards.

No. VIII.—Agricultural Conditions

AGRICULTURE needs no new recognition from other fields of economic activity in the United States. It has had an outstanding place in the development of our country, and today occupies a position in our economic life which in its importance has grown with the extension of other forms of activity and all other branches of American industry and commerce, however remote from agriculture, have vital interest in the welfare of agriculture.

Misfortune has come to some forms of agriculture by reason in part of conditions to which all business activity is subject, and in part to the hazards to which agriculture is peculiarly exposed. This situation has demanded the cooperation of business interests and we are gratified that material aid has thus been extended.

We pledge the Chamber of Commerce of the United States to support other measures which are calculated to enable branches of agriculture which are distressed to improve their opportunity for the success which each field of American economic activity wishes for all others. To that end means should be found to improve the efficiency of the methods of marketing at the disposal of agriculture, and every other measure founded on the principles which will tend to stability should be provided.

Any proposal for buying, selling, manufacturing or other handling of agricultural products by government agencies, however, whether under the pretense of the exertion of price influences or otherwise, we oppose as contrary to the principles for which the Chamber has stood with respect to other fields of activity and as sure to result disastrously for agriculture itself, and thus bring great detriment to all branches of industry and commerce.

No. IX.—Supreme Court

WE OPPOSE every attempt toward depriving the United States Court of its function to determine the validity of congressional action threatening the rights of person or property guaranteed by the Constitution. We condemn the proposal to require more than a majority vote of the Court to declare unconstitutional any act of Congress.

No. X.—Soldiers' Bonus

THE GENEROUS care of the disabled veterans is the sacred duty of our Government, but a bonus of any sort for able-bodied veterans removes one of the chief virtues of democracy.

The National Chamber's continued opposition to the bonus principle is not simply because it will endanger permanent tax reduction, but because it undermines the confidence as well as the moral fiber of our people to see great sums levied by taxes on all the citizens to give as a premium to able-bodied young men who served their country in a time of peril.

The Chamber's position in opposition to a bonus, in cash or other form, has been unmistakably declared through referendum. That position has been accurately and authoritatively stated by our president, Julius H.

Barnes, in a letter which has been hitherto addressed to the President of the United States.

No. XI.—Taxation

DURING war, revenues are of so paramount importance that the burdens of taxation have to be borne regardless of economic consequences. Since 1918, such a period has passed, with taxes levied at rates producing surpluses over the amounts needed, that revision of taxation should now proceed with a view to restoring conditions for economic advancement. For that purpose income taxes should be reduced according to principles which will increase the capital available for productive enterprise and commerce. Constitutional amendment should permit non-discriminatory taxation reciprocally between the Federal Government and the states on income derived from future issues of securities made by public authority. War excise taxes confined to particular businesses should be repealed.

Administration of federal taxes should immediately be improved. To that end a board of tax appeals should be created in the Treasury Department independent of the Bureau of Internal Revenue, and under such conditions of salary and otherwise as will make it possible to obtain the services of men of the highest ability. Duties now imposed upon the commissioner of internal revenue solely for the purpose of policing violation of the prohibition laws should be transferred elsewhere, that the commissioner's attention may be devoted to administration of taxes.

In the staff of the bureau such conditions of merit, salary and permanency in tenure for competent men should be established as will result in an efficient organization and reduce turnover of responsible employees. Administration should be decentralized as rapidly and as far as possible, with reports to Congress each year upon the progress made. Portions of the staff at Washington should be concentrated in one building. Information should be given to taxpayers respecting all rulings that affect their rights, favorably or adversely. There should be provision for the filing of tentative returns on the present due date, with a right to file final returns within three months.

Congress should appoint a joint committee with members from each House and representatives of the public, to make a thorough study of federal taxes, simplification of the law for income taxes, and improvement in administration.

No. XII.—Income Tax Returns

FAIRNESS to citizens who act in perfect good faith should characterize such legislation as the income tax laws under which all details of business transactions must be disclosed to administrative officials. The returns now filed for the federal income tax are available as evidence in the event there is allegation before any proper tribunal that there has been violation of the laws levying the tax. Against the proposal made by the Senate, that income tax returns should be made public records, and against other proposals that returns should be available to committees of Congress to publish as they may wish, we protest for the reason that these proposals violate the good faith which the Government owes to its citizens, to protect them in their private affairs.

No. XIII.—Economy in Government

THE RAPIDLY increasing cost of government, federal, state and local, is a heavy burden on business. To the end that the enterprise of the business man and the thrift

of the wage earner may be encouraged and not penalized, the United States Chamber of Commerce urges that unnecessary interference with, and supervision of, business and industry by federal and state governments, necessitating large and uneconomic expenditures with no commensurate benefit to the people, should be avoided.

The budget system, which has already produced striking benefits as used by the federal and many state and local governments, should be adopted by all state and local governments, in order that the citizen may know in what manner, in what amounts, and for what purposes his taxes are expended.

The earnest attention of the local chambers of commerce is called to the enormous increase in state and local expenditures which in the aggregate now exceed those of the Federal Government. There is imperative necessity for economy in all government activities—federal, state and local—in order to preserve and foster the spirit of free business enterprise and thrift.

No. XIV.—Special Insurance Taxes

SPECIAL state taxes now levied on policy holders through insurance companies should not be considered as a source of general revenue, but should be reduced to the total in each state which will adequately support such state's departmental supervision, and a uniform principle of taxing the holders of insurance should be adopted throughout the states.

No. XV.—Import and Export Traffic

WE STRONGLY advocate the indefinite postponement by Congress of the effective date of the application of Section 28 of the Merchant Marine Act of 1920. The announcement of the intention to make this provision immediately effective has created grave problems which are disturbing and hazardous to American producing, manufacturing and commercial interests.

No. XVI.—Trade Associations

THE CHAMBER OF COMMERCE of the United States by referendum No. 41 approved the functions of trade associations in proper dissemination of statistics of industry as in the interest both of business and of the public, and not constituting a restraint of trade. The Chamber urges upon the government departments concerned that all possible steps be taken to secure action eliminating the obstacles or uncertainties which interfere with the most effective carrying out of this trade association function.

No. XVII.—Industrial Relations

THE CHAMBER'S position taken through referendum in 1920 is in favor of the open shop, i.e., employment without discrimination against or in favor of men on account of membership in labor organizations. We desire to reaffirm the declaration of 1920, that the right of open-shop operation, that is, the right of employer and employee to enter into and determine the conditions of employment relations with each other, is an essential part of the individual right of contract possessed by each of the parties.

No. XVIII.—Railroad Labor Bill

THE IMPORTANT principles of the Transportation Act of 1920 should be continued without change until there has been further experience. This is the declaration of the Chamber in a referendum which closed only two days ago. The vote was so overwhelming

that it leaves no room for doubt respecting the position of business organizations.

The labor provisions of the Transportation Act contain important principles for continuation of which the Chamber has so emphatically declared. Abrogation of these provisions and violation of their principles is proposed by a bill which is now pending before the House of Representatives and which is known as the Howell-Barkley bill.

This bill would eliminate representation of the public as a party in interest in the determination of controversies between railroads and their employees, threatening interruption of traffic; would do away with the requirement for public investigation of such controversies; would tend to force all railroad employees, regardless of their individual wishes, into particular labor organizations and establish closed-shop conditions on railroads by law; would greatly increase the expense to the public, and would offer no new or effective guarantee to the public against interruption of railroad services by strikes.

No. XIX.—Workmen's Compensation

ALTHOUGH the Chamber has gone on record as disapproving monopolistic state compensation insurance, it records its approval of the principle of workmen's compensation in legislation for industrial accidents.

No. XX.—Industrial Mobilization

WE ENDORSE the policy of preparing plans in time of peace looking to the mobilization of industry in time of war, and recommend that support and assistance be given to the War Department in carrying out plans now being formulated looking to a more efficient mobilization of industry in the event of war.

No. XXI.—Postal Service

CONDITIONS exist in some post offices which make it desirable that as a temporary measure, Congress should authorize additional compensation for postal employees in these communities. These emergency conditions can be met with an expense very much smaller than is contemplated in various bills pending in Congress and should be met out of the general funds in the Treasury. Any attempt at readjustment of postal rates should await the analysis of studies of costs, for which Congress appropriated \$500,000 and which are nearing completion.

Efficiency should be the first consideration in the postal service. To promote efficiency it is essential that for the present nation-wide scale of compensation for postal employees there should be substituted compensation based in each locality upon the salaries and wages which prevail there for similar services.

Obstacles, such as the system of substitute employment, which prevent the postal service from obtaining satisfactory employees, should be removed and provision should be made for suitable and larger compensation for night work than day work, that competent employees may be willing to work when the largest volume of mail is to be handled.

In the interest of improving the handling of all classes of mail, parcel post should be separated from other classes and special attention given to obtaining cooperation on the part of shippers for better packing.

First-class mail should be worked in transit to the maximum degree wherever this will expedite delivery.

A proper building program should be adopted by Congress for the relief of the many post offices which now have insuffi-

cient work room for efficient handling of the mails.

The business of the postal service is so vast, and its efficient handling is so important to all parts of the public, that there should be in the Post Office Department a permanent planning division, exclusively occupied with development of technical equipment, improved methods, and plans for expansion to meet future demands.

No. XXII.—Aeronautics

THE DEVELOPMENT of aeronautics in the United States is of growing importance for the transportation of valuable commercial commodities, for business mail, for engineering purposes and scientific investigations, for patrol of forest reserves against the constant menace of fire, and for the national defense.

With a view to furthering aeronautic development, we favor the prompt adoption of legislation now pending for the regulation and encouragement of aeronautics, including the creation of a Bureau of Civil Aeronautics in the Department of Commerce, and we ask the enactment of suitable legislation for the permanent establishment of an adequate air mail service between the larger cities of the country.

No. XXIII.—Transcontinental Highways

THE COMPLETION of transcontinental highways across the inter-mountain and semi-desert states is being delayed on account of the inability of those states to finance their proportion of that construction on the basis of present federal appropriation for such highways. The greater part of those lands is still held in the name of the Federal Government, which leaves an insufficient amount of taxable property for highway bonding purposes. It is, therefore, recommended that Congress consider an amendment to the present federal laws which will permit the completion of these highways at an early date.

No. XXIV.—Certification of Automobile Titles

ALL OF the states should adopt the principle of certification and registration of automobile titles as one of the most important and effective means for reducing thefts. This legislation should be uniform and contain adequate provision for enforcement with proper penalties for violations.

No. XXV.—Other Subjects

THE DECLARATIONS which the annual meeting has adopted do not include expressions upon all of the subjects which have been before it in resolution. On some of the subjects the Chamber has this week completed a referendum in which the membership formulated its position. Examples are questions respecting transportation, including waterways. Other subjects should have further study. For these reasons, and that all of these resolutions may receive the further consideration they deserve, we refer to the Board of Directors' resolutions on the following subjects:

- Appointment of Highway Committee.
- Appointments to Interstate Commerce Commission.
- Atlantic and Mississippi Canal.
- River and Harbor Appropriations.
- Taxation of Marine Insurance, with suggestion it be referred for study to the Committee of the Insurance Department.
- Use of Leaders in Merchandising.

Group Meetings Summarized

A Survey of the Work of the Different Departments of the National Chamber Railroad and Postal Problems

AT THE first Transportation and Communication group session, Col. Paul Henderson, Second Assistant Postmaster General, gave an address on "Recent Developments in the Postal Service," and Lucius Teter, President of the Chicago Trust Company, presented the report of the National Chamber's Postal Service Committee, of which he is chairman. This was followed by general discussion, in which Dr. W. H. Walker, representing the American Farm Bureau Federation, brought out the attitude of the farmer on the question of pending legislation with regard to postal salaries and rates.

In speaking on "Recent Developments in the Postal Service" Colonel Henderson said that the postal service grows at the rate of 7 per cent per annum in revenue, while its increase in volume due to the extraordinary development of the parcel post service has taxed to the utmost existing postal facilities. Post offices have become crowded, and increased use of railway post-office cars has been necessary to take care of this greater volume. Except for the establishing of some 60 railway mail service terminals the country over, where parcel post is sorted, it is handled much the same as other mails. Of definite benefit to the business people of Chicago and New York is the sorting of mail in railway post-office cars on the Broadway and Twentieth Century trains, a service which has been recently established.

With regard to the cost of handling the different classes of mail Colonel Henderson said that Congress had appropriated a half million dollars for the purpose of ascertaining this cost, and that the necessary data had been collected in the field and are now being digested. "This cost ascertainment," he said, "will be of inestimable value not only to the Post Office Department but to the people of the country."

Mr. Teter, in presenting the report of the postal service committee, invited particular attention to two aspects of the postal situation, the first relating to the improvement of the organization methods and equipment for carrying on the business of the Post Office Department, and the second relating to the present situation in Congress with regard to proposed increases in postal salaries. He said that, while business men appreciate the loyalty and devotion of the individual postal official, they cannot accept the present conditions in the postal service as satisfactory, and invited the attention of those present to the recommendations contained in the report of the committee for the improvement of the service, which are:

Recommendation I.—This committee believes that the postal service should follow the principle of giving adequate service at reasonable cost, but that quality and efficiency of service should be the prime consideration.

"This," Mr. Teter said, "is an underlying principle which runs through all consideration of the postal situation and needs of the postal service."

Recommendation II.—This committee recommends that in those localities in which the cost of living is exceptionally high, postal employees should be allowed a temporary salary supplement on a sliding scale adjusted in accordance with the cost of living, until such time as a

proper reclassification of post offices and readjustment of wages can be effected to meet prevailing conditions.

"This," he said, "is the recognition of the fact that in the interest of good service special treatment of employment conditions is needed in certain localities. This recommendation favors differential wage scales instead of a uniform nation-wide scale."

Recommendation III.—In the opinion of this committee there should be appropriated by Congress sufficient funds for the carrying out of a proper building program for the relief of those post offices, in the order of need and regardless of location, which are shown to have insufficient workroom space for the efficient and proper handling of the mails.

Attention was called to the fact that in some localities the cramped working conditions as reported by the United States Civil Service Commission are one of the principal causes of difficulty in securing suitable employees. The building program for the postal service has fallen behind. It is of urgent importance that it should be placed on a sound business basis of programmed expansion.

Recommendation IV.—In the opinion of this committee the operation of a parcel post system is essentially different from the operation of the other classes of the mail service; and therefore, to maintain the efficiency of the mail service, some method should be applied for such separation of the distinctly different services as will make for their mutual improvement; therefore, this committee endorses the principle of such separation of parcel post from other mail, from an operating point of view, as will prevent delays in the handling of the mail.

Better Parcel Post Packing

STRESS was laid upon the fact that the business man is particularly insistent that the parcel post, which in the main represents transportation, for which the facilities of express and freight are also available, should not interfere with the rapid dispatch of other classes of mail which represent the communication and information service—the nerve system of business.

Recommendation V.—This committee believes that the business of the country requires that mail accorded first-class service shall be worked in transit to the maximum degree whenever it will expedite the ultimate delivery of the mail, and as far as possible a continuous flow should be maintained instead of holding it for stated intervals.

The execution of this principle is an important duty of the responsible postal officials.

Recommendation VI.—It is the judgment of this committee that loss and damage to parcel post matter and loss by theft in transit may be greatly lessened by the following, which the committee recommends: (a) Care on the part of the shippers throughout the whole country in packing and preparing parcel post matter for shipment; (b) more effective methods to be established by the Post Office Department for the protection of goods while in transit; (c) the postmasters in all localities being instructed to refuse packages not properly prepared for shipment and to confer with the shipping public in their districts to inform the public as to the essential requirements.

"This committee," said Mr. Teter, "was

convinced that there is a great opportunity for improvement in the methods of packing, handling and safeguarding parcel post shipments, and that shippers can be depended upon to cooperate with the Post Office Department in their own as well as the public interest if the matter is properly presented to them."

Recommendation VII.—This committee considers it of great importance that there should be created a permanent Planning Division in the Post Office Department whose exclusive duties shall be to conduct a study of current operations and carry on experiments for the purpose of developing improved methods and technical equipment for use in the postal service, as well as to study further plans for expansion in anticipation of future requirements.

Reference was made to an address before the group session last year by Mr. Henry S. Dennison, in which he drew special attention to the lack of adequate planning and overhead supervision in the postal service. The postal service is a great machine carrying on an enormous routine work; and unless adequate planning is provided for along modern lines, it is bound to become more and more routinistic in character and inefficient in operation, and to fall far short of meeting the standards and requirements that characterize American business. Mr. Teter went on:

One of these recommendations—that relating to personnel—requires special mention. On account of the serious importance of the question, on account of the strong influences that are being exerted to pass a large nation-wide flat increase in postal salaries, and on account of the apparent lack of any reliable information as to the actual needs, the Chamber in the latter part of March, 1924, requested of the United States Civil Service Commission information as to what difficulty, if any, was being encountered in securing employees for the postal service, which is provided with eligibles through Civil Service examinations.

The reply of the Civil Service Commission, including reports of its thirteen district secretaries, bears out the report and recommendation of your Postal Service Committee regarding this personnel problem, in particular making clear that the special need for increase in postal compensations lies in the metropolitan and industrial centers where the cost of living has most increased.

The Civil Service Commission reports also show that the system of substitute service is largely responsible for such difficulties as exist in securing employees for the postal service, while a second contributing cause of difficulty is the requirement for night work at the same compensation as for day work, resulting in experienced employees entitled to seniority choice taking the day shift. This is a disadvantage to the service, as the heaviest work requiring the most experienced employees is in the evening.

The points to be noted in connection with the legislative situation are as follows:

To carry out the recommendation of your committee on the basis of \$200 increase for employees in the principal localities where an increase is really needed has been estimated to require a total increase of between \$10,000,000 and \$15,000,000 per annum. The Kelly-Edge Bill, which received strong support in Congress, would require an increase of \$120,000,000, rising to \$150,000,000 per annum, the Paige Bill \$112,000,000. The Administration, foreseeing either a breakdown of the budget, which would largely

nullify the efforts being made for tax reduction, or an increase in postal rates that would be a great burden upon business, agriculture and the public generally, proposed a compromise bill on the basis of \$100 increase in pay for employees of small post offices and \$200 for larger offices, the total of which would be \$43,000,000. This would require, as was estimated, an increase of say \$30,000,000 from parcel post, \$5,000,000 from second-class mail, \$500,000 from third-class, and the remainder from various services, including money orders, special delivery and registered mail services.

A joint subcommittee of the two Houses of Congress has proposed a further compromise involving \$72,000,000 increase in the postal budget on the basis of \$300 flat nation-wide increase in salaries but not providing any corresponding addition to revenues. Bills embodying these changes have been introduced in both houses.

The meeting adopted a resolution covering the recommendations of the Committee on Improvement of the Postal Service, and calling for the abandonment of the system of uniform nation-wide salary scales for postal employees and the substitution of a schedule of compensations on the basis of salaries and wages prevailing for similar services in the various localities.

Fair play and team play in business, with constant lessening of the need for governmental regulation, were stressed throughout the annual meeting of the Chamber of Commerce of the United States in Cleveland. The progress along these lines that has already been made in the field of transportation was strikingly brought out in the second transportation group session. H. G. Taylor, of Nebraska, president of the National Association of Railroad and Utility Commissioners, and chairman of the Central Western Regional Advisory Board, told of the remarkable accomplishments of this new movement of cooperation between shippers and carriers. George M. Graham, vice-president of the Chandler Motor Car Company, speaking for the automotive industry, emphasized the view that the motor vehicle should perform only the service for which it is economically the best fitted.

Cooperation was also the dominant note in the discussion of the National Chamber's Referendum 43 on Transportation, the adoption of which was then announced at this meeting.

Mr. Taylor then described the cooperative movement between carriers and shippers launched last year under the leadership of Donald D. Conn, manager of the Public Relations Section of the American Railway Association. During the past year ten or twelve shippers' regional advisory boards have been set up with territorial boundaries such as to incorporate in each region fairly comparable producing and transportation conditions.

There is no inherent conflict between the motor vehicle and the railroads, said Mr. Graham. The more enlightened representatives of the industry favor regulation of motor common carriers by the same public agencies that have jurisdiction over the rail carriers with which they compete, believe that the users of the improved highways should pay the full cost of maintaining them, and in short, are in hearty accord with those features affecting the motor vehicle of the transportation policy of business established by Referendum 43.

"For the gain in this direction," said Mr. Graham, "the public is largely indebted to the United States Chamber of Commerce. It was at the instance of its president, Mr. Barnes, that a conference of railway, automobile and waterways officials was called in New York. From it resulted the first great national analysis of transportation problems.

Affects Public Purse Most

"WE NOW have a scientific system which allots to each transportation medium that function which it can most effectively perform. The public will be the greatest gainer through this new understanding of transportation, since the necessity of moving persons and products speedily and at low cost is deeply involved with the cost of living."

Mr. Graham laid special emphasis on the urgent need for making motor transport safer in view of the rapidly increasing number of motor vehicles.

Harry A. Wheeler, president of the Union Trust Company, Chicago, and chairman of the Special Committee on Transportation, led the discussion of the referendum. Mr. Wheeler reviewed the vote on each of the fourteen questions and urged that earnest consideration be given by all to the means of putting the new

policy into effect. The mere record of votes, without action, would accomplish little or nothing. Different methods of action were called for on the various principles, and he grouped them as follows:

Those Requiring Coordinated Effort:

1. Development of a national system of rail, water and highway transport. (Recommendation I of Referendum 43.)
2. Promotion of joint use of terminals. (Recommendation V.)
3. Establishment of store-door delivery. (Recommendation XI.)
4. Utilization of motor transport (a) to replace uneconomical forms of rail service, (b) to relieve yard and terminal congestion and, (c) to extend existing steam and electric railway service. (Recommendation XII.)
5. Extension of through rail and water routes and rates. (Recommendation X.)

Those Relating to Legislation:

1. Opposition to present changes in the Transportation Act. (Recommendation II.)
2. Support of the recapture clause. (Recommendation III.)
3. Advocacy of legislation to facilitate railroad consolidation. (Recommendation IV.)
4. Opposition to rate-making or other common-carrier regulation by legislation. (Recommendation VI.)
5. Promotion of legislation for a comprehensive survey and national plan for waterway development. (Recommendation VIII.)
6. Promotion of legislation to put the operation of the Mississippi-Warrior barge line on a sound commercial basis. (Recommendation IX.)
7. Promotion of legislation for the regulation of motor common carriers. (Recommendation XIII.)

Those Requiring Other Activity:

1. Expediting of readjustment of relative freight rates. (Recommendation VII.)
2. Development of an equitable plan of taxation for the maintenance of improved highways. (Recommendation XIV.)

The discussion that followed showed the keen desire of those present, representing shippers, carriers, truckmen, warehousemen and other groups concerned in transportation, to follow up this referendum with a view to putting its policies into practical effect through cooperation of all interests concerned.

Section 28 and the Merchant Marine

THE MERCHANT MARINE features of the program for the luncheon meeting of the Transportation and Communication group derived added interest from the fact that they revolved to a considerable extent about Section 28 of the Merchant Marine Act of 1920.

The section in question, it will be recalled, after having lain dormant since the date of its enactment, was unexpectedly brought to life by the joint action of the Shipping Board and the Interstate Commerce Commission in fixing, first, upon May 20, and later June 20, as the date for its enforcement. The large exporting interests of the country were greatly disturbed by this step; and their opposition to it, as manifested at the various hearings that have been held upon the subject, was further reflected in the attention given by the representatives of those interests to the National Chamber's program and in their participation in the luncheon meeting.

The formal addresses were delivered by Admiral L. C. Palmer, president of the Emergency Fleet Corporation of the United States Shipping Board, and by Mr. T. C. Powell,

vice-president of the Erie Railroad Company. The fact that it was Admiral Palmer's first appearance before the members of the National Chamber, and that he was to set forth his views upon a merchant marine program, created a good deal of interest in his participation in the event.

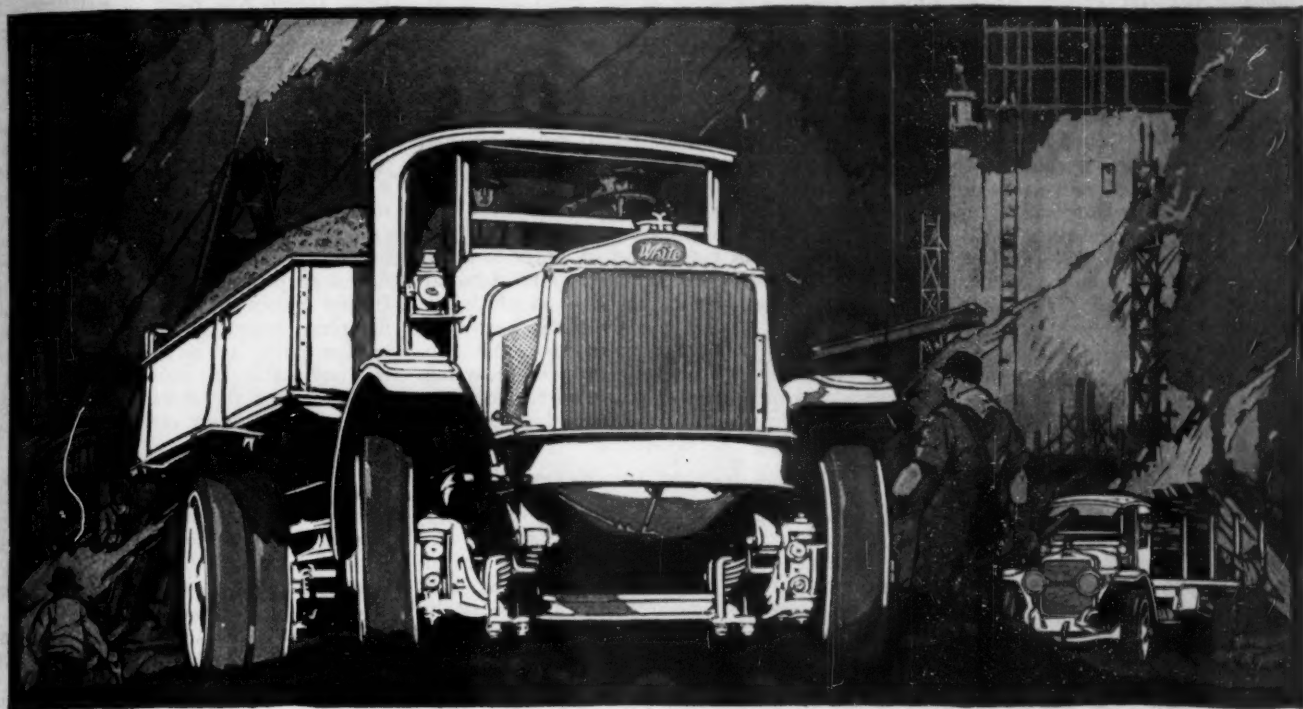
Admiral Palmer adopted as the thesis for his address a quotation from a report of a committee of the National Chamber submitted in 1914, that "No question now confronting the nation is so necessary to follow to a successful conclusion, none so essential to our prosperity and benefit as a commercial power, and of such importance in our ultimate relationship to the outside world, as the upbuilding of an American merchant fleet."

Congress, he pointed out, emphasized this statement in the opening paragraphs of the Act of 1920, in which it declared that it was necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States should have a merchant marine of the best equipped and most suitable type of vessels, ultimately to

be owned and operated privately by citizens of the United States.

That, he said, is the goal for which we are striving. Under the act the accomplishment of this purpose is the duty of the Shipping Board, to be executed, however, through the agency of the Emergency Fleet Corporation. But the mission of the Fleet Corporation is not to perpetuate itself. Rather, its duty is to work itself out of office at the earliest practicable date.

There is no doubt that our people want a real merchant marine, with the definite prospect that within a reasonable time it will become self-sustaining, so that whatever aid from the Government may be necessary will be within reason. Meantime the people want to be assured that our ships and services will be handled economically. They are not willing to pay out great sums of money unless this money is being used to the best advantage. Again, in order to convince shippers that our maintenance of essential trade routes is permanent, our organization must be run in a strictly business fashion. This we are now in a position to do. We can now con-



Is your motor truck an orphan?

THERE are thousands of orphan trucks in the hands of owners. No distributor or dealer is interested in their deeds or misdeeds. No one is interested in healing their wounds. No redress is available to the owners for their shortcomings. No value is in them at resale. They cannot even be cast forth as charges on the community. They are soon junk—most of these thousands of orphans.

But there are other trucks—sound trucks, with sound makers—safe investments. And the facts to guide your selection are easily obtained.

There are thousands of White Trucks in the hands of owners. They are at work each day—all over the world. Ten, eleven, twelve years old—hundreds of them have traveled 100,000, 200,000, 300,000 miles and more. But even the oldest can still get attention—skilled and immediate—should misfortunes of the road stop their wheels. Old Whites and

new go on paying dividends to their owners day after day by giving the most money-earning miles.

You will not invest in a truck whose maker went out of business yesterday or last year. You should not invest your money in a truck whose maker is likely to go out of business tomorrow or next year.

The purchase of a White Truck is assurance of continuous, sustained transportation of your goods at low cost over the greatest number of miles and years. And The White Company will be in business tomorrow and next year and the next, as it has been during the past twenty-three years.

Keeping faith with its thousands of owners throughout those twenty-three years—boom years, war years, panic years—has made The White Company the most permanent factor in the motor truck industry.

No White Truck will ever be an orphan.



Assuring continuous, sustained transportation everywhere

THE WHITE COMPANY, CLEVELAND

WHITE TRUCKS

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vince shippers and passengers that it is for their interests to patronize American ships.

It is difficult, Admiral Palmer stated, to make constructive deductions from our operating figures so long as the tonnage is not effectively disposed over trade routes and so long as operations are not conducted economically. As we consolidate the routes and make efficient use of the vessels, we can get a real analysis of losses under existing schedules and show when we need to make improvement. But in consolidating services no essential trade routes will be relinquished.

As trade improves, the services can be expanded; but additional tonnage should not be put on with a view of maintaining an artificially low scale of freights, which would force the National Treasury to pay a still larger part of the costs of transportation and which would have the definite effect of preventing the lines from becoming self-sustaining and therefore salable.

A merchant marine without a living rate can never be a real merchant marine. Shippers want stability of rates, regularity and permanency of service, but these cannot be had by running the vessels at heavy loss. Neither can we ignore rate conferences, because we need them to maintain stable rates.

In the matter of government aid it is to be noted that more than money is necessary for success. There must be a desire of the people to favor their own ships, and an interest in efficient service. "I am confident," the Admiral said, "that we can build up a strong and permanent merchant marine. This involves, among other things, however, the elimination of changes in policy and personnel, changes that have occasioned many of the faults for which we have been criticized in the past."

"If Congress can let it be known in no un-

mistakable terms that it is as strongly supporting our merchant marine, both privately and publicly owned, as the governments of foreign countries are supporting their nationals in the shipping business, there will be no doubt of our success; and private interests will soon find encouragement to purchase and take over the routes. But there should be a very clear announcement of policy so that the word 'emergency' will be eliminated and the idea of permanency take its place."

In reply to questions from the floor respecting the probabilities of adding to the tonnage now in commission in order to meet the requirements of Section 28, the Admiral stated that on May 20, the date on which the section was to become effective, we could have twenty additional vessels available. In the normal course of events, without crowding shipyards or increasing wages on repair work, we could have an additional 33 ships by July 31, or a total on that date of 53 vessels.

Millions Needed for Restoration

THE BALANCE of the 200 necessary would require considerable time and expenditure, and the ships could not be put in operation for a period of ten months, and only then at an expenditure of approximately \$10,000,000. There might be speeding up if we were put on a very great emergency basis, such as existed during the war; but this would reduce the time by only a few months, and the expenditure would be very much more than the \$10,000,000.

If there is any law on the statute books that will assist our American merchant marine, we want to take every advantage of it. But any suggested action should be very carefully thought out before it is put into effect, so that there may not be just criticism to the effect that business is disorganized and that

the results are not benefiting the marine.

The address of Mr. Powell upon the subject, "Inland Rail Rates in Relation to Ocean Transportation," was an interesting treatment of a difficult and technical phase of transportation, expressed in terms that made instant appeal to those to whom the address was made. His explanation of the existence of certain rates bore directly upon various of the questions involved in Section 28. He gave it as his opinion that instead of applying Section 28, with its indefinite wording, its discriminating features in favor of Canadian ports and Canadian traffic as opposed to American ports and traffic wholly within the United States, it would be better for the Shipping Board to concentrate upon the smaller ports, to establish an adequate certain and permanent transportation service, and then see that the rates are competitive with rates charged from other ports and by foreign vessels.

If the board, Mr. Powell observed, is to spend \$36,000,000 the next fiscal year to maintain the American merchant marine, let this amount be spent to demonstrate whether or not there can be an arbitrary distribution of the export traffic without a corresponding attraction for the import traffic.

"I do not think," he said, "that Congress intended the Merchant Marine Act of 1920 to be merely a medium for setting up exotic steamship operations for the primary benefit of the operators and contractors. Furthermore, an interpretation of Section 28, which simply transfers to the operators of American ships the concessions granted by the rail carriers on export and import traffic, at the same time forcing a higher scale of through export and import rates, will not benefit the American public nor enable American manufacturers to meet foreign competition."

Friendship and Foreign Trade

GENEROUS support of the President and the Secretary of State in their policy of friendly negotiation of the Japanese exclusion question developed in the Foreign Commerce group session on the afternoon of Wednesday, May 7. This session was devoted to a discussion of the outstanding features of foreign trade from the standpoint of the East, the South, the West and the Mid-West.

Robert Newton Lynch, vice-president of the San Francisco Chamber of Commerce, discussing this subject from the western point of view, emphasizing the dependence of the Pacific states upon oriental trade and the importance of an understanding of the Orient, said:

You here on the Atlantic have many foreign loves; but we are looking out there upon the Pacific; and we have had the intimate contact over a long period, and an inbred desire to go farther in connection with this matter. And yet I am afraid today that the coast is acting very strangely, or seemingly so, in the light of that fact in that we seem to have a great deal of hostility and prejudice against the Orient—that we do not desire the building up in this country of a great unassimilable population that is ineligible to citizenship. You hear the voices of our politicians, and the voices of those who have various prejudices or fears; and it seems strange that the United States or any part of it should ever operate from an attitude of fear. We have a very strange situation out there in which we wish to build up a wall of exclusion around ourselves, and to forego the tremendous advantages that we have in our personal contacts with the Orient itself.

Well, I can testify from the standpoint of

enlightened business, from the standpoint of the San Francisco Chamber of Commerce, that has dealt with this question over a long period, that we have no other desire than to deal with the Orient on the basis of friendliness and goodwill.

Of course there is an inevitable problem; we do not wish to build up a permanent population in this country which does not assimilate, and it isn't necessary to build it up, but the thing that faces this country is: are we going to meet that proposition with hostility and with fear, or are we going to meet it with injustice?

Following this statement Edward A. Filene, of Boston, introduced a resolution urging support of the Secretary of State in his efforts to deal with this problem by friendly negotiation, and denouncing the abrogation of the gentleman's agreement with Japan. This resolution was seconded by O. M. Clark, of Portland, Oregon, and Everett G. Griggs, of Tacoma, Washington, and was carried unanimously by the session. A resolution on this subject was adopted by the Chamber and is printed elsewhere in this issue.

In reviewing the importance of the oriental trade to the United States Mr. Lynch had the following to say, especially with regard to the part played by the Pacific coast in that development:

Now I profoundly believe that if the United States wishes oriental trade in its fullest development, it must operate from the Pacific Coast. That does not mean that ships may not come in even greater number through the canal; it does not mean that there shall not be direct contact by ships from the eastern and southern ports, or even to have the Great Lakes send

ships through to the ocean; but, however great may be the development of that trade, the development of our great oriental future must come from the Pacific Coast. Asia is the great future market of the world.

Citing America's need for developing friendly international relations as the outstanding feature of foreign trade today, Mr. Lynch said:

We cannot afford under those conditions to act any other way but in the most friendly and sympathetic manner and even be willing occasionally to surrender some of our feelings, which are occasioned largely by feelings other than material necessities.

The object of diplomacy these days is not to protect our interests, it is to make peoples of the earth friendly to each other, to be able to get along with the great scheme of commerce, because we have developed into a civilization which has made this a neighborhood world. We have developed a situation where we are all neighbors in a single yard, and we cannot afford to be wrong in our spirit.

The mid-west viewpoint was presented by Floyd L. Bateman, president of the Trans-Continental Freight Company, Chicago, Ill., who said that within a period of two years there had been an increase of approximately 100 per cent in the number of members of the Chicago Association of Commerce engaging in foreign trade. Similar expansion and improvement in overseas trade he reported from Cincinnati, from Indianapolis, from Milwaukee, and from Cleveland.

Mr. Bateman called particular attention to the part played by transportation in foreign

GREATER COMFORT—GREATER SAFETY—GREATER SPEED—GREATER PROFITS

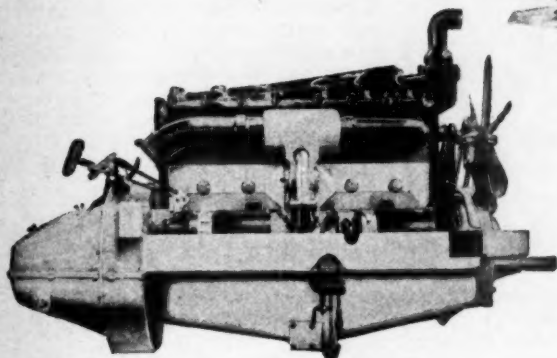
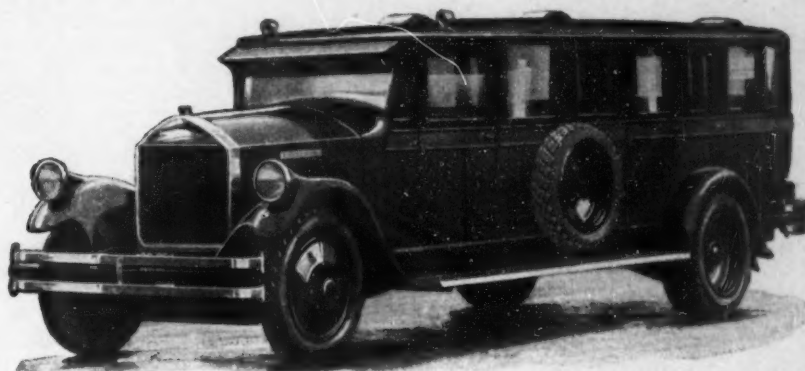
For passenger carrying, buy a *bus*; not a converted freight truck

Standard Chassis

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for 196-inch wheelbase, \$4750 for 220-inch wheelbase, at Buffalo; including starter, battery, generator, solid tires and electric lights. Pneumatic tires and disc wheels optional at extra cost.

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The Pierce-Arrow 6-Cylinder Bus Engine

The silent, Dual-Valve, Dual-Ignition Pierce-Arrow Bus Engine develops over 100 horsepower at 2500 revolutions per minute. It is so flexible that it will accelerate rapidly in high gear from a pace of two miles an hour to maximum speed.

Speed of from 45 to 50 miles an hour can be maintained readily, if desired—which means that lower rates of speed do not tax the engine to the limit.

The bus is propelled by a trouble-free inverted worm gear drive. The low-hung chassis has an unusually short turning radius.

The Pierce-Arrow Motor Bus chassis, produced in two lengths of wheelbase, will accommodate the deluxe, sight-seeing or pay-enter types of wood or steel bodies, ranging from 18-passenger capacity upward.

Which would make you more profit in passenger carrying work?

A converted four-cylinder motor truck which gets under way lumberingly, which jolts and jounces the passengers, which careens and sways, which is noisy and vibrates excessively at ordinary road speeds, which requires frequent gear shifting in traffic, which runs up big gasoline bills, which is hard to drive and handle?

Or—

The modern six-cylinder Pierce-Arrow Motor Bus, which accelerates with the agility of a powerful touring car, which rides more comfortably than a big limousine, which maintains high speeds without swaying or careening, which is virtually free from all vibration, which seldom requires gear-shifting, which is economical in gasoline consumption and which is easy to drive and handle?

Investigate this advanced vehicle, designed and built solely for motor bus operation. Let us demonstrate it completely at the factory or at one of our principal distributing points.

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Buffalo, N. Y.

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trade moving from the mid-west territory. In part, he said:

The middle states have aspirations—commendable international aspirations. They confidently believe that the time is not far distant when ships' tackle will load the products of the great valley directly from the ports of the Great Lakes to many parts of the world. It is not unreasonable to assume that the growing pressure of an ever-increasing foreign commerce from these parts will soon compel a solution of the Great Lakes-St. Lawrence waterway project.

Merchandise and provisions from the central states should not be subject to the vacillating rate conditions occasioned by the running amuck of distress space. Mid-west exporters, who rely on ocean carriers' freight contracts, all subject to space cancellation, sailing adjustments, and the provisions of which are subject to total eclipse by the terms of ocean bills of lading, are obviously working at a decided disadvantage. It is not generally believed that conditions will improve if The Hague rules are switched back to the State Department and made the subject of diplomatic negotiation. Would such treatment not be dangerous as an international treaty, and is it not fair to assume that those who pay the freight should have a voice in the determination of these rules?

In discussing the eastern point of view W. LaCoste Neilson, general sales manager of the Norton Company, of Worcester, Mass., pointed out the dependence of the eastern manufacturers upon foreign markets for manufactured products. The situation of

those manufacturers engaged in export was further stated by the speaker as follows:

The war brought on a great development in Europe in all fabricated articles. They had to make their own to a large extent. The natural development of quality has also tended during the war and since the war to equip them better. Today I think the large nations of Europe are wonderfully equipped to manufacture their own goods. That is going to make it much more difficult for American manufacturers to export. The American manufacturer must fall back on the advantages which he gains through mass production. Labor here is high, but through mass production the cost per unit can be kept low, and the articles can be shipped to Europe and still command a market.

The outstanding feature of the situation to me is that the conditions are becoming more difficult, that the foreigners are becoming more efficient, and that our market stands in danger of being taken away from us. For that reason I think that giving service in Europe is the proper method of holding business.

Advances Made in South

THE RAPID industrial development of the South, the expansion and improvement of its port facilities and its favorable railroad situation were emphasized by R. L. McKellar, foreign freight traffic manager of the Southern Railway System, Louisville, Ky.

After reviewing the movement of commodities for export through the present channels, Mr. McKellar urged the case of the southern routes as follows:

Within our own country we have expended

millions upon millions on inland water transportation. The Erie Canal has been constructed by the State of New York at an expense of approximately two hundred million dollars to afford additional transportation for the port of New York. Our Government has spent millions upon millions upon Mississippi River improvements to afford adequate and economical transportation to the Gulf. Similar sums have been spent to afford water transportation on the Ohio from Pittsburgh to Cairo.

Other lesser projects are being advocated, and also one of much greater magnitude, which is the Great Lakes-St. Lawrence Tidewater Canal, at a probable expense of half a billion dollars to the United States and Canada. The cost and maintenance of all of these immense enterprises is for the enlargement and improvement of our transportation system, and mainly to secure additional outlets to the sea, and necessarily will require several years to complete. It is all supported by taxation, and the wisdom of the expense or its economic value to certain sections of our country is not here criticized; but what is pointed out and emphasized is that by full utilization of southern ports the exporters and importers along the Ohio River and in the Middle West, and particularly in the highly productive Central Freight Association territory, reaching up to the Great Lakes, already have open to them for immediate use additional outlets to the sea by means of well-equipped and uncongested north-and-south, easy-grade railroads open for use tomorrow morning, if you please, from such markets as St. Louis, Chicago, Detroit, Indianapolis and Cleveland with competitive service and rates and without one dollar of taxation to bear other than the current transportation rates which all shippers have to meet.

For Fairer Insurance Taxes

AT THE insurance group meeting H. A. Smith, Chairman of the Insurance Advisory Committee, who presided, described the National Chamber as the largest body of organized policyholders among business men in the world and said that its Insurance Department has endeavored to arouse these business men to protect their own insurance interests. It has aimed to help these policyholders help themselves. Because of the nature of the Chamber, these policyholders can look to it for impartial information and assistance on insurance matters.

The principal theme of the meeting was Special Insurance Taxes, which Col. Howard P. Dunham, insurance commissioner of Connecticut, discussed from the standpoint of the state. He laid particular emphasis upon the injustice and inequities of the present unscientific methods of taxation and stressed the interest of policyholders in the current tendency of taxes to rise, since ultimately special taxes upon insurance companies must be borne by those who pay premiums. In demonstrating that insurance is taxed more often and heavier than any other kind of business, the speaker outlined numerous forms of special taxes, licenses and fees which are levied by the various states, pointing out at the same time that the proceeds of them are not used in the interests of policyholders alone but for the benefit of all citizens.

The states themselves have a duty to perform in stopping further special insurance taxation. Lack of uniformity of insurance laws is a large burden, very expensive and unnecessary. From the viewpoint of the state there is a right way to handle the great business of insurance and the time ought to come when the insurance institution can have uniform laws on taxation.

The insurance companies and the insuring

public are entitled to a simple tax that is uniform and equitable. No insurance company, agent, broker or policyholder should today practice the policy of isolation on such an important subject as the taxation of insurance. It is highly proper and full time that a movement be initiated for some relief.

Edward E. Rhodes, vice-president of the Mutual Benefit Life Insurance Company, spoke on "Life Insurance Protection and Savings as Affected by Special Insurance Taxes." As indicative of the extent to which, in some of our states, the public is affected by unfair insurance taxation, he stated:

There are, in round numbers, three hundred legal reserve life insurance companies organized and doing business in the United States. They have outstanding more than sixty billion dollars of ordinary insurance and about ten billion dollars of industrial insurance. They hold assets of over nine billion dollars. There is no section of the country into which the beneficent protection of life insurance has not been carried, and none which has not been benefited by the diversified investment of the policyholders' funds.

Life insurance as generally conducted bears no analogy to the ordinary transactions of a commercial enterprise. Its whole aim and purpose is mutuality and cooperation, not for the purpose of income, profits, dividends or corporate receipts, but solely to give to its policyholders insurance protection at actual cost.

Using the figures of one fairly large and representative company for the year 1923, the speaker showed that the cost of insurance was increased 8.3 per cent because of the tax which was paid. The laws of the various states under which these taxes upon life insurance companies are collected are hopelessly confused. Litigation has been required in a number of states in order to determine the correct basis of the tax, and will be re-

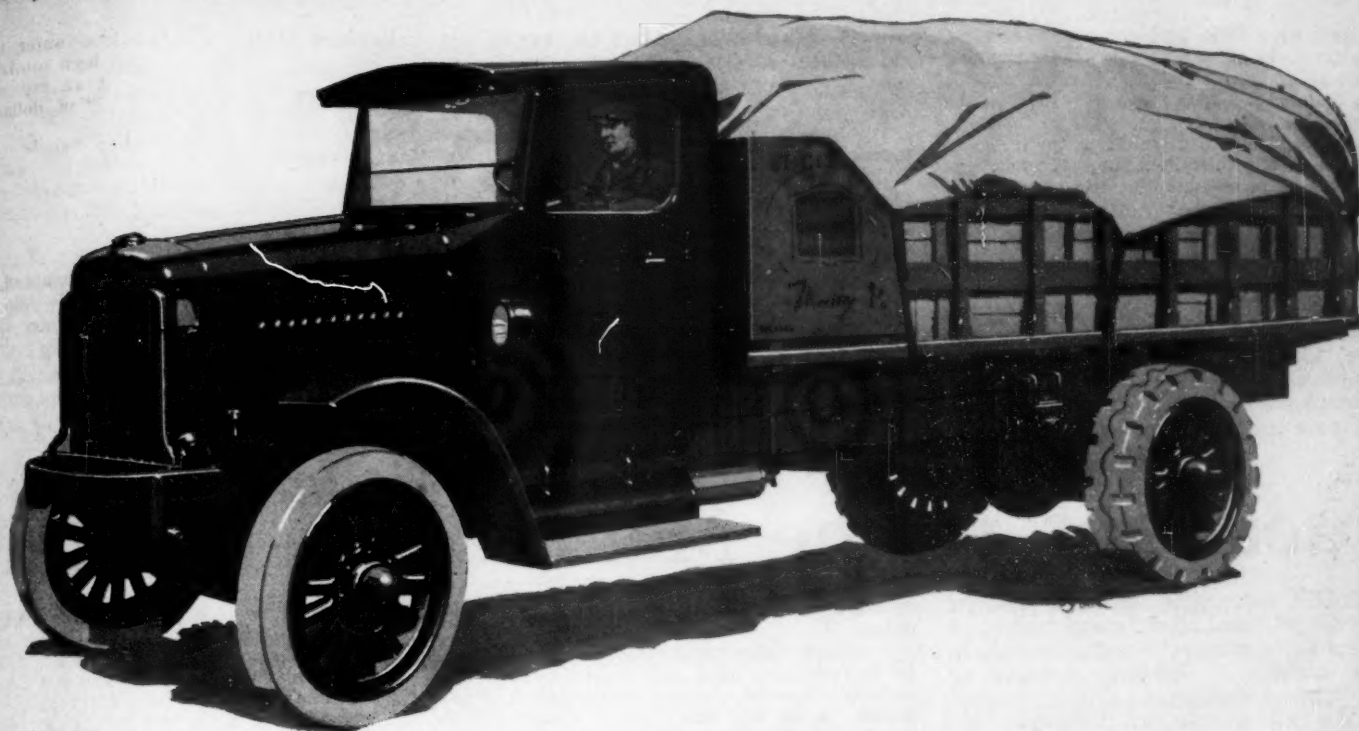
quired in a number of other states. This has involved, and will continue to involve, a heavy outlay by the companies.

In discussing Special Insurance Taxes from the standpoint of property and casualty insurance, A. I. Vorys, of Columbus, Ohio, said that an investigation by those who have comforted themselves with the reflection that their representatives in the legislatures have relieved them from taxation by transferring the burden to the insurance companies will show them they have been "hoist by their own petard." They still pay the tax; and if they now paid it directly to the state instead of through the insurance companies, it would be costing them a substantially smaller annual sum.

A few days ago I stepped up to the window of a moving-picture show. The sign above the window stated the price of admission was fifty cents, and I passed that amount to the ticket seller. She held the ticket and demanded five cents more. When I called attention to the sign, she replied that the five cents was for the tax. I was then perfectly conscious that I was paying five cents to the Government and not to or for the show. No propaganda, no lecturing, no advertising could have the same effect. This is seen in the reaction of Congress now exhibiting such deep concern over these taxes and a strong determination to repeal them.

Could the companies set forth in their policies the amount of the tax and amount of premium separately? There are perhaps some practical considerations in the way of life insurance companies adopting any such plan. I cannot, however, see any objections in the way of fire and casualty insurance companies. I have been told that some American companies so segregate the premium and tax and set them forth separately in policies issued in some of the South American republics.

If such a plan is feasible and is adopted, then



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a fire policy on Ohio property, which now recites a premium of \$100, would read something like the following: Premium, \$95; tax payable to the State of Ohio, \$4; cost of collecting the tax from the insured and paying it to the state, \$1; total, \$100. If a casualty policy, it would be something like this: Premium, \$96; tax payable to the State of Ohio, \$3; cost of collecting the tax from assured and paying it to the state, \$1; total, \$100.

Following the adoption of a resolution relative to special state insurance taxes, Frank Roberson, assistant general counsel of the National Board of Fire Underwriters, spoke on the "Certification of Automobile Titles." He emphasized the growing importance of the automobile theft situation, stating the United States now has fifteen million automobiles.

The 1923 production of cars and trucks was more than 4,000,000. There is one automobile to every nine persons in the United States.

Approximately 40,000 reported stolen automobiles in 28 key cities alone in 1923, of which 2,307 were in the convention city of Cleveland, show the serious nature of this rapidly growing crime. The estimated value of the stolen automobiles in the United States in 1923 is considerably in excess of \$100,000,000. The remedy for this undesirable situation lies in making it impossible for the thief to dispose of the stolen automobile. This can be done by the enactment of what is commonly known as a Certificate of Title Law. Mr. Roberson's suggestions took form in the shape of the resolution printed in full

elsewhere in this number of the magazine.

Inasmuch as the National Chamber had never taken any formal action upon the principle of workmen's compensation, although it was, through various resolutions, definitely committed against the states entering the workmen's compensation business, a resolution was passed favoring the principle of workmen's compensation.

A resolution relative to taxation of marine underwriting profits was passed unanimously. As the Insurance Advisory Committee had previously investigated this subject and the Board of Directors had approved its recommendations, the Resolutions Committee referred this to the Board of Directors with the request that it receive further study by the Insurance Department.

Questions in the Manufacturer's Mind

THREE outstanding industrial problems were presented at the group meeting of the Department of Manufacture. A. H. Young, Manager of Industrial Relations of the International Harvester Company, spoke on "The Obligations of Employer and Workers in Successful Production."

Mr. Young at the age of 13 started work in a steel plant as a messenger boy and oiler. Later he was roll-hand and lever-man and worked in other like jobs. Thus he has seen the relations of employer and employees from both sides.

According to Mr. Young, "the human element in industry is the factor of greatest importance" and he feels that "it is highly significant that the largest employers in America should voluntarily, and in a time of industrial peace, formulate and adopt an industrial-relations platform built upon such a declaration."

As always, an important link between management and workers is the foreman. He is, and will undoubtedly continue to be, one point of contact and a key-man in maintaining the cooperation necessary to successful production. But the present theory and practice of industrial relations conceives a further point of contact—the mechanism of employee representation—a contact which gives insulation without isolation, one which is living, humanized and vitalized, and one from which results a far better understanding by each of what is on the other's mind. Such a plan has been in operation at the numerous plants of the International Harvester Company for some time, and Mr. Young comments upon its effectiveness most convincingly:

This Harvester plan of employee representation was written into organic law with the utmost care. Among its authors were practical business men with a vast fund of experience and tradition in the conduct of a successful productive industry. There had been gathered for them a great body of information rather thoroughly covering the experience of our own and other countries in efforts to find an industrial-relations basis that would match with modern industrial conditions. The text of this plan appears to have been as sound as the spirit in which it was conceived. At least, it has been amended only in two unimportant details in this five years of ups and downs and twists and strains, although the door has always stood wide open for any amendment that anybody concerned might desire to offer.

And yet it was not long after the plan had been in operation that I felt and said that, in my opinion, we could easily throw away the written text of the plan and trust the idea and the plan itself to the spirit of confidence, of

good-will and of cooperation that it had produced.

It is now quite the custom and the fashion to be open and frank and inclusive about the main controversial questions of the industrial relations. Only five years ago it seemed like a boldly progressive and even radical step when the Harvester Company, in putting out its Industrial Council Plan, expressly included the questions of wages, hours and working conditions as subjects for the debate and determination of the Works Councils. A bold and a long step forward, but experience has proved and justified the theory on which it was taken.

Nowhere, in all the long list of questions that have been decided by Harvester Works Councils, has the principle and practice of employee representation functioned to better mutual results than on subjects that used to be fighting issues.

Curt Methods Pass Away

THEN the speaker went on to contrast conditions under the old and the new idea in human relations in industry.

One time, out in a western steel works, my job was in the rail mill. One day a notice went up on the bulletin board saying curtly that, effective at such and such an hour of that day, the mill would be shut down until further orders. Just that, no more—"until further orders."

A bunch of us got together at the lunch hour in the riggers' shanty; and, of course, we talked about the shutdown. There were almost as many theories about the cause of the shutdown as there were men in the group. Finally, one old, wise hand said he knew the reason. It was because we were using an inferior coke, and this had resulted in producing rails that wouldn't stand up. Our shipments had been refused, contracts had been canceled and only the good Lord knew when, if ever, the mill would start up again.

Personally, I happened to know the only reason for the shutdown was the fact that the soaking pits needed to be relined and that in ten days, at the outside, the mill would resume operation. I was, however, old enough to know that I was too young for any statement of mine to have any effect on that hard-boiled bunch, and I kept still.

Well, in ten days the soaking pits were relined, the mill was ready to resume production, and the men were called back—but not all of them, for quite a few, and desirable workers at that, had moved on rather than hang around waiting at a gate which, for all they knew, might never swing open again.

How easy it would have been for the management of that mill to have put up a bulletin saying that the mill would shut down, not "until further orders," but until the soaking pits could be relined; or the foremen could easily have passed the word down the line that the shutdown would last only a few days. But that is not the

way factories were run in the days when I packed a lunch box and a brass number check.

A few years ago, when American agriculture suddenly struck a long down grade and the agricultural implement business went plunging down hill close behind it, it was part of my job to help in the unhappy business of putting the brakes on a big productive organization that was running on the high gear. During that experience I often contrasted that experience in the rail mill with the somewhat comparable situation that was now in hand.

The Works Councils were fully informed of what the management felt sure was going to happen. Employee representatives were called upon to find out in each of the plants in what ways their constituents would prefer to have the week and then the working day shortened as production was curtailed. Weeks and even months before a plant completed its diminished schedules the councils and every employee were notified that, under the stern compulsion of business necessity, forces must be reduced at many of the plants to a point that would practically mean suspension of operations.

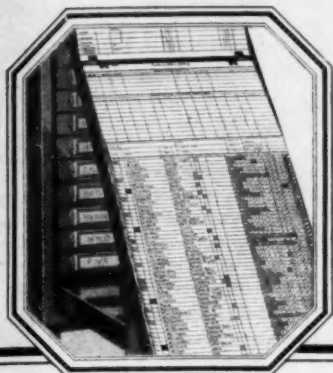
All hands were furnished with printed statements of the causes and were asked to register and to keep in touch with the plant so that when operations were resumed, they might be called back to their jobs. In some plants individual cards were issued to employees stating the reasons for their unemployment and commending them to any other employer who might be able to use their services.

Another phase of the new era of humanized relations in industry was presented by James E. Kavanagh, Second Vice-President of the Metropolitan Life Insurance Company, who spoke on "Industrial Pensions or the Care of Faithful Workers."

One of the natural and first considerations of a pension plan is its cost, and Mr. Kavanagh has this to say regarding this point:

My company is frequently asked by business men what a pension system costs, which is a good deal like asking how much it costs to build a house, or what is the price of a suit of clothes. As the roughest kind of a rough guide, I can say that any industry which sets aside regularly one dollar out of every one hundred dollars of payroll will, unless there be a violent change in the value of the dollar, be able to provide a fairly adequate pension allowance for all employees who are less than thirty-five years old when the fund is started. The trouble is that most industries have already on their rolls a great many men who are more than thirty-five years old, and indeed until a certain number are about ready for pension, or more often until the informal payments that are made under the general principle of "taking care of our old and faithful employees" are mounting to considerable sums, the question does not come up for active consideration and final settlement.

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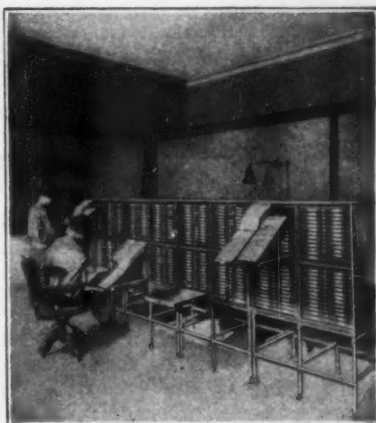
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tlement. As to these older men with long service records, the company has been having its ride on credit; and the cost has been accumulated.

When you retire a man at sixty-five on a pension of say \$400 a year, the cost to your company is going to be about \$3,800. If you had put aside \$38 each year from the time that man was twenty-five years of age—had charged it in on your cost sheet as a part of the current expense of operation—this money, this \$3,800 needed to pay his pension, would have been available without present cost. Since it isn't available, and since no further benefit is to result to your company from the payment of that pension, accurate accounting demands that the \$3,800 debit be set up at once. If the man is now fifty-five, there remain ten years of active work over which this \$3,800 can be accumulated. About \$300 a year will do it. If he is forty-five and has twenty years to go, \$125 a year will do it; and so the burden decreases with every year of decreasing age.

What is the attitude of the workers regarding pensions? Perhaps the case of one of the railroads is indicative. This road had been operating a pension plan for many years—a plan just and seemingly satisfactory; yet the employees asked the management to institute a contributory plan—one whereby they would share in the expense.

Why do the men want a contributory plan, one which they would help to pay for?

First of all they want a pension plan which they can depend upon. They want to know that when they have worked for a certain number of years they can definitely and absolutely count on the receipt of a certain income with no "by your leave" to a board of directors or anybody else. They have no lack of confidence in management, but they have no assurance whatever as to what the management might be thirty years hence. Modern industry is so interdependent, so complex, that, through no fault whatever of his own, a man may any day find himself out of a job and hence with no claim, either legal or moral, to a long-service pension. The wage-earner recognizes these facts. So one reason these men wanted a contributory pension was the reason of certainty.

The contributory plan is worth serious con-

sideration even if only the employees want it. But there are other points of merit about it brought out by Mr. Kavanagh:

Beyond this there is the great value of cooperation, especially financial cooperation, between employer and employee in the attainment of any definite object. There is every indication that the pension problem will in its eventual solution be dealt with by the joint contribution of employer and employee.

One question raised by many executives is: "Are American working men willing, especially at the younger ages when the pension is far away, to contribute to the cost of a retirement plan?" In these matters theory and opinion are of small value when weighed against experience. I can only say that the contributory pension plans which have already been launched in this country have been not only accepted by the wage-earner, but in many cases with extraordinary enthusiasm and unanimity.

Mr. Kavanagh believes that the pension plan in industry is here to stay and will become more general. He sums up the subject as follows:

1. Pensions are not costly. Delay is.
2. Whether you have a pension plan or not, begin setting up a reserve now.
3. Whether you have a pension plan or not, carefully consider allowing your employees to contribute.
4. Beware of calculations based on published annuity rates.
5. Place no dependence whatever on calculations of probable withdrawal from service.
6. Avoid pension plans based on final salary.
7. And most important of all, if you have a pension plan, find out through expert actuarial advice how it stands financially. If you have not a pension plan, find out through expert actuarial advice the probable future cost before you start one.

The other speaker of the meeting was Dr. George K. Burgess, Director of the Bureau of Standards of the Department of Commerce, who described "The Simplification of the Government's Purchases."

Recent Tendencies in Distribution

PRESENT confusion in distribution in the United States and the evident lack of knowledge among distributors concerning some factors which are so clearly interlinked with their businesses made timely and appropriate the list of subjects which were discussed at the group meeting of the Domestic Distribution Department.

In opening this meeting, A. Lincoln Filene, a director of the National Chamber, who presided in the absence of Theodore F. Whitmarsh, chairman of the Domestic Distribution Department Committee, gave a brief outline of the importance of present-day problems confronting all distributors, outlining, in short, the work the department has been carrying on during the past year.

Edward A. Filene, of Boston, read a paper on "Coming Changes in Distribution." He pointed out that the competition in production has developed to such a degree that the producers will be forced to pay increasing attention to the cost of distribution, realizing more definitely now that the most successful producer will be the one whose goods reach the ultimate consumer at the lowest retail price, quality considered. The average commodity now doubles in price between production cost and retail selling price and it was strongly emphasized by Mr. Filene that efficiency in distribution lies in mass selling—just as efficiency in producing, with corresponding economy, lies in mass production.

Mr. Filene advocated the organization of chain department stores to reduce the cost of distribution and meet the growing competition of ordinary chain stores. Out of such an organization should come true mass buying—buying on an adequate scale the output of a mass production. When we get real mass buying, the concentration of a single manufacturer's business in just a few very large retail organizations, it will enable him to make up only what the retailers want made up—will agree to buy and have scientifically determined what can be resold to their customers. In this manner the manufacturer and retailer will be able to cooperate and plan together to diminish the irregularity of production in the costly succession of alternate "rush seasons" and "dull seasons."

In conclusion Mr. Filene predicted that under mass production and mass distribution higher standards of wages will be maintained, for it will be the most profitable to the producer that the reduction in price should come out of the elimination of the middlemen and the present wastefulness of production and distribution, not out of salaries and wages—that is, that it will be most profitable to preserve the buying power of the masses.

"Principles and Progress in Cooperative Marketing" was the subject of the address by Lloyd S. Tenney, assistant chief of the

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Bureau of Agricultural Economics of the Department of Agriculture. He explained that the farmer cannot solve his marketing problems by individual effort; neither is a cooperative market a panacea for all farmer's difficulties. Mr. Tenney pointed out that the farmer is essentially a manufacturer and is confronted by the same marketing problems as the manufacturer of any other product; that he has the same right to control and solve economic questions as have any other business men. Individual effort cannot solve them and group action is therefore necessary. It is not only necessary that the right of the farmer to organize be accepted morally, but that this right be recognized by law.

In conclusion he stated that the essentials of successful cooperation include organization along commodity lines, the obtaining of sufficient tonnage definitely secured by legal contracts, the securing of honest business administrators, complete and satisfactory financing plan, and the incorporation into the whole scheme of a few cooperative methods.

The third speaker of the session was Lew Hahn, managing director of the National Retail Dry Goods Association, New York, who discussed briefly the present and pending legislation affecting distributors.

He said that many opinions have been expressed as to the right or wrong of the attitude of the Federal Government as gathered from the complaints issued by the Federal Trade Commission, suits instituted by the Department of Justice and decisions rendered by the District, Circuit and Supreme Courts of the United States, that any opinion which he might express as an individual would be super-erogatory. His impression, however, is that in the recent past at least the actual state of law or even the judicial decisions based upon the law seem to be of less importance than the question as to who administers the law—as to who decides upon what suits are to be brought and how these suits are to be presented.

A change from a prejudiced or indifferent or even perhaps unscrupulous administrator to one who is enlightened, fair and honorable may bring us hope; but even so we cannot conceal from ourselves the danger of a relapse to conditions which are literally intolerable. Mr. Hahn laid special emphasis on the necessity of business men acquainting themselves with proposed legislation which affected their business and urged them to put forth every effort with the view of aiding our legislators in determining the value or worthlessness of any proposed legislative action.

The concluding address before the group meeting was delivered by F. M. Feiker, vice-president of the Society for Electrical Development, who spoke on "The Need of a Marketing Census."

We need a census of distributors conceived for the same purposes as the census of manufacturing. At present we have a one-sided picture of our business of manufacturing and of selling. We know how many mines, how many factories, how many railroads we have in the United States. We collect regularly and classify the number of farms and forests, but we do not know accurately in any trade how many wholesalers and retailers there are. We talk learnedly about the costs of distribution, but we do not know the simple facts on how many merchants there are. Periodically we hear that the prices of coal, of shoes, of foodstuffs, of clothes, are too high; yet we have no accurate account of the necessary purveyors of these commodities, the coal dealers, shoe stores, grocery and clothing stores.

In the discussion which followed the foregoing addresses considerable interest was dis-



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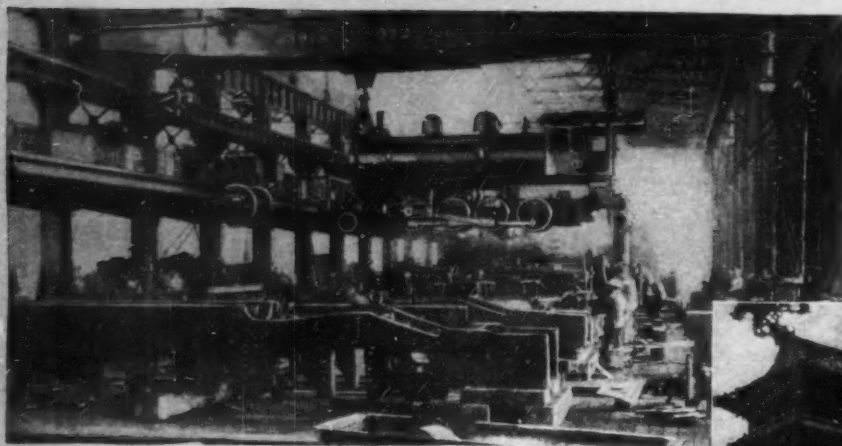
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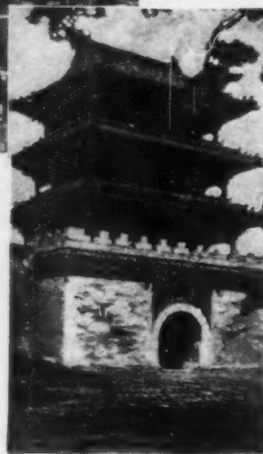
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played by those present. It was said in discussing the address of Mr. Filene that retailers are doing a more efficient job of merchandising as time goes on and that service will continue to be the backbone of a retail business. It was generally agreed in the discussion on "cooperative marketing" that more intelligently directed agriculture results from that form of selling.

Common Problems of Raw Materials

THE GROWING importance in industrial and social life of industries producing raw materials from natural resources and the common problems which grow out of this increased importance, were the general theme of the group meeting of the representatives of Natural Resource Industries.

The chairman, Mr. Milton E. Marcuse, of Richmond, Va., a director of the Chamber, emphasized the importance of natural resources by pointing out that the source of all wealth was natural resources and that man's activities were in putting these in form for his use and that burdens placed upon these industries ultimately passed on to the public.

Referring to the specific program of the afternoon, the chairman stated that it had been developed to cover some common problems of natural resource industries, prominent among which were Government Control of Natural Resources, Taxation and Trade Association Activities. The chairman asked Richard F. Grant, of Cleveland, vice-president of the M. A. Hanna Company, and a director of the National Chamber, to introduce the first speaker, James R. Garfield, Secretary of Interior under President Roosevelt.

In his address on "Government Control of Natural Resources" Mr. Garfield showed how recent was the feeling that Government had any concern in the problem.

Coming to a pending question, Muscle Shoals, Mr. Garfield said:

The way the Government has been seeking to develop the power is this: The Government seeks to control the great reservoir sites, construct the greater majority of the projects, as it has in the Reclamation Service, and then lease out to an existing corporation, if it be a power company, or if it be a municipality, if it needs light or heat, those rights, to the end that there may be an orderly development and a wise use, at rates which are consistent with economy and at the same time profit, so that the entire community and all the residents who are fed by that watershed can have equal benefits from the development of these resources.

That is why I have opposed the bill in Congress seeking to give to the Ford corporation Muscle Shoals, because that is contrary to every principle that we have been contending for for the last twenty years. As the result of this twenty years of careful study, as I told you, the Power Act was adopted by Congress.

Contrary to these principles, one corporation seeks to acquire under the bill known as the Muscle Shoals Act, passed by the House, and now in the Senate, the power development of Muscle Shoals, a development that runs up into nearly 800,000 horsepower. All that the Ford corporation agrees to use for the alleged manufacture of nitrate and of fertilizer is 100,000 horsepower, leaving to itself the use of all the balance of 650,000 to 700,000 horsepower without let or hindrance, without regulation by state or nation. That is contrary to the wise use of a resource that belongs to all the people of that southland.

Power development is like water development. First, the water development must be treated as

June

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a whole; second, the distribution of power under present conditions runs over hundreds of miles, whereas a few years ago it could be carried only a few miles. Therefore, in the distribution of power, government, either of the nation or of the state, must take into consideration the area of possible consumption; and when they are granting a great right to an individual to develop power, they should see to it that the entire area of distribution is considered before the rights are granted under license to a company or to an individual for the development of that power.

Urging the great natural resource industries, such as metal mining, lumber, coal, oil, etc., to take joint action on taxation, Paul Armitage, of New York, developed his ideas along the following lines:

The first outstanding characteristic of such interests as mining, oil, gas, timber, is that they are basic and underly our entire industrial life. A tax levied upon the heart of industry affects every man, woman and child, because in its last analysis a tax is nothing more than an added cost. It must eventually be passed on by the industry either in the form of higher prices or curtailed production. The legislatures do not realize this in their advocacy of super-taxation of natural resources.

A problem common to the natural resource industries that are "exhausting" or "wasting" in character such as oil, coal, timber, gas, is that of "depletion." The using up of such natural resources in the process of converting them into raw materials is clearly a loss of capital, which should be deducted in determining tax income; but the Supreme Court of the United States declared otherwise. If that question came up anew before the Supreme Court, in the speaker's judgment, it would reverse itself, for the principle of "depletion" is now well embodied in our income tax laws, although it is not generally understood by the public or by the legislatures.

Need National Reserves

ANOTHER peculiar characteristic of the natural resource industries is that it is necessary for them to maintain large "reserves" for large-scale production under modern business conditions. The states have seized upon these large reserves for the purpose of taxation. They tax them as if they were present existing values which should pay their share of the burdens. They are not present existing values. They are remote contingencies that may not be mined until many years from now.

The Wisconsin Geological Survey prepared a table showing the multiple, pyramiding effect of taxation upon an ore body which cannot be removed for a number of years. It shows that at 3 per cent taxes a year the ore is valueless and would yield no profit at the end of 30 years, and yet year after year taxes are levied upon the ad valorem system upon these ore reserves.

The common dangers that confront these natural resources are very serious. In the first place, there is danger of super-taxation or excess taxation. A flagrant case is the action of Minnesota, which secured an amendment to the Constitution by which it could value mines at an excessive rate—50 per cent more than farms. Not satisfied with that, in 1921 it levied upon the mines an occupation tax—that is, a tax upon the privilege of mining—of 6 per cent of the value of the ore mined. That was super-taxation, levied over and above and in addition to all other taxes; and the law said so; and they were perfectly outspoken about it. The Supreme Court has said that it is perfectly legal for the



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legislators to single out a particular industry and levy not only excess taxes upon it but super-taxation upon them in addition without any justification or reason. There we have a real danger.

Another problem common to natural resource industries, that of trade associations, was discussed by Goldthwaite H. Dorr.

Trade Associations Problem

SOME of the particular facts common to natural resource industries which have a direct bearing on trade association activities are:

1. Natural resource industries are wasting industries. In such industries where conservation of natural resources is of prime importance, the trade organizations have been and can be of service in the interchange of technical information, so that the best available practices shall prevail, and that there shall not be those recurrent extremes of over-supply and shortage.

2. There are multitudes of owning and producing units scattered over an enormous territory, often remote from market, and having little opportunity to gauge market conditions correctly unless the facts of the industry as a whole can be collected and disseminated among them through trade association activities.

3. There is, it is probable, keener and fiercer competition in natural resource industries than in any other industries of the United States. Trade associations in these industries can perform a very definite service in gathering and keeping before the public the facts as to their competitive nature.

4. Trade associations can keep before the public the fact that the products of natural resource industries are standardized articles which under normal economic laws are bound to sell at uniform prices at the same time in the same market.

Prices Regulate Activity

TRADE associations can emphasize this important economic fact; that the margin of differences in returns of different operations is due to varying physical characteristics, and that the normal competitive price for the product of a natural resource industry is a price high enough to attract and keep in business enough producers to meet the needs of the community.

Labor Supply Factors In Immigration

THE PROGRAM of the Civic Development Group Session dealt with the probable effects of the policy of restriction of immigration and the adjustment of business to the condition which this policy will create. The last subject on the program, that on which discussion was invited, was "How Far Can Machinery and a Better Use of Our Present Labor Supply Offset Limitation of Immigration?" The preceding subjects led up to this—gave a background which aided in its discussion.

R. Goodwyn Rhett, the chairman of the meeting, gave the keynote by emphasizing the importance of citizenship, saying:

When Americans conceived that true liberty meant self-government, they actually meant an equal right to make the laws which should govern men among their associates, to determine who should administer and interpret those laws. This was as important as that they should be guaranteed equal protection under those laws. Liberty and the pursuit of happiness involve health, the home, opportunity for the development of one's faculties, and opportunity to receive the reward

of his effort. There is no doubt that the immigrant to the United States makes his home in that country. It is our duty to make him a citizen. It is our duty to give him our citizenship.

JOHN G. R. Printed and Published by the National Business Association. He quotes in the paper the perceptions of the business men then before the committee.

While the restriction of immigration would result in a percentage of the population.

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of his efforts in such form that he can transmit it to his household—acquisition of property.

Therefore, the first problem with respect to the immigrant is how we are going to inform him as to the benefits of our form of government, how make him, as well as the native-born, sensible that if this country is to continue, every citizen must contribute something to its betterment, not only through the payment of taxes and through required service, but also through voluntary service—service rendered through organizations like the Chamber of Commerce of the United States, through the Young Men's Christian Association, civic organizations, social service organizations. It is such service that measures the quality of our citizenship. Therefore, I think we should begin our consideration of the immigrant from that angle.

Six Recommendations Made

JOHN W. O'LEARY, chairman of the Immigration Committee, presented its conclusions. Printed copies of its report and recommendations had been distributed to the delegates. He quoted the six recommendations as given in the pamphlet and showed that with two exceptions they were embodied in the bills then before the congressional conferees. He concluded:

While reaffirming our belief in the wisdom of restriction of immigration during the period of world readjustment and stabilization by the percentage system now in force, we again assert that

1. Permanent law should be based on physical, mental and moral standards of the immigrant rather than on arbitrary percentage of some previous influx.

2. That, our desire being to improve the quality of our citizenry, the standards set by our immigration law shall be as high as or higher than our existing average.

3. That, while not relinquishing our unquestioned right to determine who shall and who shall not be admitted, we recognize that we cannot progress without friendly foreign relations and that therefore the method of exclusion of those not coming under the general law shall be such as to conserve so far as possible the friendly feeling of such nations.

4. That the bill now pending should provide for definite limit of not less than three, or more than five, years, and should provide for means of study of present law.

Granted that we are to have a drastic limitation on immigration, there are two questions to be considered: first, the part now played in our social and industrial life by immigrants—so that we may understand the size and nature of the problem of readjustment which confronts us; second, the means at hand for maintaining our productivity with a decreased labor supply. The first was presented by Dr. Edward A. Steiner, of Grinnell, Iowa.

Dr. Steiner lives for half the year in a small college town of the middle west, where he is in close contact with the problems of an American agricultural community, and for six months on the east side of New York, where he is in constant contact with the alien colonies of the Metropolis. To him the question of immigration restriction is of first importance, not only to America but to the Old World as well; and because of its importance to the Old World, again of importance to us.

Many Factors Changed

HE SEES in the practically unrestricted immigration of the past a safety valve which now will be far less effective. "Emigration to the United States," he said, "was associated in the Old World with the hopes of the masses of the people for well-being. It offered relief from poverty and oppression and long delayed political and social revolutions.

"In the United States," he said, "immigration was largely associated with the idea of the development of the natural resources of the country. But even before the advent of

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The reason that makes this saving possible, he points out, is that "Long-Bell lumber requires a minimum of the sorting, rehandling and remanufacturing on the job necessary with inferior lumber."

"During the last three years," declares this experienced building contractor, "the appearance and quality of my jobs have been considerably improved, due to my using Long-Bell lumber exclusively."

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the new type of immigration from the east and south of Europe, the drift of population here was to the city. The fact is that of a million and a half immigrants who gave agriculture as their occupation and who arrived from 1900 to 1910, only about 10 per cent went on the farm."

After discussing the reasons for this and saying, "The greatest difficulty has been that each wave of immigration dipped a little lower in the scale of Europe's population, receding further and further into the backwoods of civilization—until assimilation became, if not impossible, yet dangerous, Americanization difficult," he added:

Whether these newer immigrants are only retarded and not really inferior has not been undeniably proven. I myself believe that they do have potential and cultural values and are not as dangerous to our homogeneity as many of us think. But whatever the student of our phenomena may believe, is of little moment when it faces popular bias and prejudice.

We are fast approaching interior discords in America which are more dangerous than any possible danger from without. It does not matter that our fears are not well grounded. If one believes in ghosts at noon, he is sure to see them at midnight. The popular demand is for curtailment of immigration to the least possible quota.

American industry has to face the fact that only about 160,000 immigrants will arrive annually for the next few years. Of these the very smallest number will be unskilled laborers—I should say not more than 20 per cent. There are many reasons for this, chiefly that common labor in Europe is relatively better off than any other class; and secondly, that a railroad journey to the port, a steerage journey, are now equal in price to first-class passage before the war. The unskilled labor group is too poor to buy a ticket.

For a long time to come the quota will be filled with relatives of prosperous foreign-born Americans, professional and semi-professional, of the white-collar class, of which we have a surplus.

I myself believe that European labor since the war is usually what American industry does not want. In my own Slovakia in the summer of 1921 I found harvest hands demanding and getting an eight-hour day and simply impregnated with communism.

What the foreign-born need is not so much education as good civic examples, good American citizens who are loyally devoted to their own country, outstanding, upstanding citizens. From now on all of us together, foreign- and native-born, must work together toward the healing of divisions, the softening of discords, the bridging of differences. All of your genius will be necessary to achieve it. I am fairly sure that American business men will not be appealed to in vain.

Adjusting to Limitations

ASSUMING that limitation of immigration has become a national policy, the last speaker, L. D. H. Weld, of Swift and Company, Chicago, addressed himself to the problem of industrial adjustment. In this he ventured little in prophecy but devoted himself to an analysis of the chief lines of industry and the opportunities they seem to offer for overcoming the handicap of a diminished labor supply. He went on:

There are three principal ways in which immigration may be offset to a greater or less degree. These ways are: First, through better management; second, through introduction of new machinery and processes; and third, better use of present labor supply.

The Hoover Committee on Elimination of Waste pointed out that management is more than 50 per cent responsible for the present waste in industry, and that labor bears less than 25 per cent of the responsibility. Management wastes occur through faulty control of material, of designs, of production, and of labor, as well as through lack of cost control, faulty sales policies, etc.

Immigration restriction will undoubtedly serve

as an inducement to find new processes and to invent new machinery. Industries differ in the extent to which machinery can be used. The industries using steel and other metals, and those that assemble interchangeable parts into finished wholes, can use machinery to the greatest extent. In other industries where goods of irregular shapes and sizes are produced and where goods have to be processed, step by step, a vast amount of man labor will always be necessary.

Although great progress along these lines is possible in the future, it is questionable whether drastic restriction of immigration can be entirely offset. Immigration restriction goes along with our protective tariff in putting the United States on an artificially high level of wages, prices, and living standards, as compared with the rest of the world. Although this policy restricts international trade and possibly keeps us from developing our own resources as rapidly as we might, our country is so large and has such a variety of climates and resources that we can probably maintain this high level of well-being for an indefinite period to come. We are beginning to think quality rather than quantity. We are looking toward a quicker assimilation of foreigners and a better national spirit.

The discussion was led by Eugene B. Clark, president of the Clark Equipment Company, Chicago.

Finance in Europe and on the Farm

THE FINANCE group program was evenly divided between addresses upon the international and economic situation and the discussion of problems pertaining to American agriculture, the group being the guest of the Union Trust Company, of Cleveland, both at luncheon and the conference that followed.

Fred I. Kent, vice-president of the Bankers Trust Company and chairman of the International Chamber's Committee on Economic Restoration, who presided, spoke upon aspects of the international financial situation; and Col. L. P. Ayres, vice-president of the Cleveland Trust Company and technical adviser of the Committee of Experts of the Reparation Commission, described the work of the experts and outlined the provisions in the commission's reports.

The speakers upon agricultural topics were G. F. Warren, professor of Agricultural Economics and Farm Management at Cornell University, whose subject was "Agricultural Depression—Its Causes and Remedies," and Carl Williams, honorary president of the American Cotton Growers Exchange and editor of the *Oklahoma Farmer-Stockman*, who presented an address on "Financial Methods of Agricultural Cooperatives."

Mr. Kent reviewed the more recent aspects of the international financial situation. He pointed out that the European countries are burdened with debts both external and internal and that unfortunately these debts are of such a nature that they cannot be cancelled by a clearing house operation but must be either paid, adjusted or repudiated. The enormous debt charges of the European countries, combined with currency inflation and unbalanced budgets, have produced fluctuating exchanges which in turn obstruct the trade and industry of the world.

The only really outstanding event in the business and political world during the past year has been the Dawes Report.

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relationship between this indebtedness and reparations. In view of the financial conditions of some of the reparations receiving powers, it is clearly the duty of the United States to take up the question of inter-allied indebtedness with the other creditor nations, Great Britain and France, and ascertain how it can be treated so as to make possible the next step of reconstruction and also to assure a successful working of the Dawes plan.

The people of the United States are, however, in no mood to consider an adjustment of inter-allied indebtedness that would permit the present militarism to continue in Europe. This militarism is the logical result of the fear arising from the war and can be reduced only by general agreement among the nations on a plan to limit armaments. The way now seems open for bringing about negotiations which may accomplish the three further things necessary to reestablish world peace; namely, the "control of militarism, the refunding of inter-allied indebtedness, and the final fixation of the total amount of reparations that Germany is to pay." If the Dawes plan is put into operation and some agreement regarding armaments is reached, the Debt Commission could then put before the people of this country some plan relative to inter-allied indebtedness.

Seventeen Reparation Conferences

COLONEL AYRES reviewed generally the work of the Committees of Experts and pointed out that the meeting of the experts was the seventeenth conference which has been held relative to reparations and allied subjects—an average of one about every three and a half months since the armistice.

After a review of social conditions in Germany, he briefly outlined the provisions of the experts' reports. The duty of the second committee was to ascertain how much German capital was abroad and to devise means to bring this back. The committee worked out a ten-year balance sheet and estimated that about \$1,600,000,000 German capital was outside the country, but found no positive means of compelling its return, reporting that it would mostly come back when conditions in Germany were such as to attract it.

Colonel Ayres then briefly outlined the contents of the report of the first Committee of Experts, "The Dawes Report." The duty of this committee was to recommend means for stabilizing the currency and balancing the budget. The first step in the plan is the creation of a new bank in Germany, partly under foreign control, a bank of issue. The government is then to raise money from taxes and on railroad and industrial bonds, all these revenues to be placed in the new bank in two accounts—one for the government and the other for reparations—and from the latter all reparation payments are to be made.

It is believed that Germany will be able to get back on a going basis but not without some aid from the outside; consequently an external loan of \$200,000,000 is recommended.

From an economic standpoint some serious problems arise. The sum of two and one-half billion marks, which is the standard annual payment, is equal to about two million dollars a day and about four times what England is paying the United States on the former's indebtedness. In order to raise this sum and pay the necessary expenses of the government, Germany will have to raise annually, by taxation or otherwise, an amount equal to about 30 per cent of the national income.

Considerable funds also will have to be raised from the railways; and if the proposed charges are to be met, the railways will be

obliged to produce more revenue than they ever have before. Price levels, however, are higher today, and with the railroads turned over to private corporations, it seems possible that they may be able to meet the proposed demands.

The second big problem is to get the money out of Germany after it has been paid into the bank. In order to accomplish this, Germany will have to develop the biggest export trade in her history. If other countries, however, are willing to receive the exports, Germany may be able to meet the demands either by increasing the volume of export trade or by making it more profitable, or by a combination of these methods.

The proposed bank also presents another problem. While it is commonly called a gold bank, it is not contemplated that it shall be placed on a gold convertible basis at the beginning. This latter plan was objected to by all the Europeans, including the English. Should the bank be placed on a gold basis, however, it presumably would clear through New York; or if not, the assumption is that it will ally itself closely with London.

Colonel Ayres expressed approval of the plan as a whole but suggested three conditions: (1) that the new bank be placed on a gold exchange basis, (2) the loan charges should have clear precedence over all reparation payments, and (3) an understanding that if Germany, acting in good faith, fails to make the required payments at any one time, she will not then be considered in default, and thus perhaps overturn all that has been accomplished. These last two conditions are regarded as particularly important for the reason that should Americans advance money to Germany and there should later be a default, Americans would be reluctant to advance further credit to Europe; and this country is the only country which has the necessary material resources to rehabilitate Europe.

Several possible means of aiding the agricultural industry were discussed by Dean Warren. Increased credit facilities have helped some farmers, but many cannot be aided by this method. Cooperative marketing also affords some assistance, but the savings that can be effected this way are small in comparison with the decline in prices. Diversified farming does not offer any general solution. There is no evidence that there is a market for any more of the major agricultural products than are now being produced; and if, for example, one section produces more dairy products, then another section must produce less. State and local tax reduction will help, but relief from this source will necessarily come slowly. More state aid to schools would be of direct assistance since this would shift some of the burden of local taxation from the depressed agricultural industry to the more prosperous cities. Improvements in European conditions may help some.

Tax Problem Must Be Met

THE REAL problem is the payment of taxes and interest and principal of debts contracted. There are only two ways to meet the situation—either the price level of farm products must approach the level at which debts were incurred, or those heavily in debt must turn their farms over to new buyers at prices adjusted to new conditions. If the latter method is followed, there will be violent political agitation since men will not willingly submit to the loss of property. Inflation and deflation are both serious economic diseases, and price stability is the remedy for both. The level at which prices should be stabilized is the level at which debts, wages and public service charges are most nearly adjusted.

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